

St. James's Place International  
(Hong Kong) Limited  
(Incorporated in Hong Kong with limited liability)

**Directors' Report and Financial Statements**

for the financial year ended 31 December 2024

## COMPANY INFORMATION

### Directors

C Gentle (resigned 31 July 2024)  
P Fell (appointed 11 November 2024)  
A Lai  
I MacKenzie  
T Smith\*  
M Turnbull\*

\*Independent Non-Executive Director

### Registered number

64458142

### Registered office

1/F Henley Building  
5 Queen's Road Central  
Hong Kong

### Independent auditors

Grant Thornton Hong Kong Limited  
11<sup>th</sup> Floor, Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
Hong Kong

### Bankers

HSBC Bank plc  
1 Queen's Road Central  
Hong Kong

### Appointed Actuary

Milliman Limited  
Unit 3901-02, AIA Tower  
183 Electric Road  
North Point  
Hong Kong

### Legal Advisors

Deacons  
5<sup>th</sup> Floor  
Alexandra House  
18 Chater Road  
Hong Kong

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## DIRECTORS' REPORT (continued)

### GROUP OVERVIEW (continued)

Further information about St. James's Place, the St. James's Place Partnership, the St. James's Place approach to fund management and the IMA and the full range of wealth management products is included within the Strategic Report of the St. James's Place plc Annual Report and Accounts.

### BUSINESS REVIEW

The Company commenced trading in 2017 and is registered and domiciled in Hong Kong. The Company is authorised and regulated by the Hong Kong Insurance Authority to carry out Class C Linked Long Term insurance business.

The Company offers a range of funds priced in a range of currencies: GBP, HKD and USD. These funds invest into a range of St. James's Place Unit Trusts and other funds external to the Group. The Company controls six of the Unit Trusts.

The Company's financial business model is straightforward: to attract and then retain funds under management (FUM) on which an annual management fee is received. This is the principal source of income for the Company, out of which the overheads of the business are met, and investment is made in acquiring new FUM. As the level of annual management fee income received is dependent on the value of FUM, growth in FUM is a strong positive indicator of future growth in profits.

The Company has continued to experience positive gross and net inflows over the year, albeit net flows are moderated in relation to the prior year. The investment management approach (IMA) continues to perform well for clients, with our portfolios delivering strong returns. This, combined with net inflows, has driven FUM to HK\$3.5bn (2023: HK\$3.0bn), 15.2% higher compared to the end of the prior year.

Analysis of the development of the funds under management is provided in the following table:

	<b>31 December 2024</b>	<b>31 December 2023</b>
	<b>HK\$'m</b>	<b>HK\$'m</b>
Opening funds under management	3,013	2,364
Gross inflows	570	496
Net investment return	162	311
Regular withdrawals and maturities	(8)	(63)
Surrenders and part surrenders	(265)	(95)
<b>Closing funds under management</b>	<b>3,472</b>	<b>3,013</b>
<b>Net inflows</b>	<b>297</b>	<b>338</b>
<b>Implied surrender rate as a percentage of average funds under management</b>	<b>7%</b>	<b>4%</b>

### DONATIONS

In 2024 the Company made no donations, political or otherwise (2023 - £NIL).

## DIRECTORS' REPORT (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES

The Company operates within the St. James's Place Group 'Risk Management Framework'. More information around the Group's Risk Management Framework is provided in the Group's Annual Report and Accounts.

The principal risks and uncertainties facing the Company are set out on the following pages.

Principal Risks	Risk description	Example risk components	Example mitigation/material controls
Client Proposition	The product proposition fails to meet the needs, objectives and expectations of clients. This includes poor relative investment performance and poor product design.	<ul style="list-style-type: none"> <li>Investments provide poor returns relative to their benchmarks and/or do not deliver expected client outcomes.</li> <li>Range of solutions does not align with the product and service requirements of current and potential future clients.</li> <li>Failure to meet client expectations of a sustainable business not least in respect of climate change and responsible investing.</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of asset allocations across portfolios to consider whether they are performing as expected in working towards long-term objectives.</li> <li>Monitoring funds against their objectives, mindful of an appropriate level of investment risk.</li> <li>Ongoing assessment of value delivered by funds and portfolios versus their objectives.</li> <li>Where necessary, fund managers are changed in the most effective way possible.</li> <li>Continuous review and development of the range of services offered to clients.</li> <li>Engagement with fund managers around principles of responsible investment.</li> <li>Regular Product Reviews .</li> </ul>
Conduct	Advisers fail to provide quality, suitable advice or service to clients.	<ul style="list-style-type: none"> <li>Advisers deliver poor quality or unsuitable advice</li> <li>Failure to evidence the provision of good-quality service and advice.</li> <li>Increasing complaint volumes.</li> </ul>	<ul style="list-style-type: none"> <li>Licensing programme ensuring appropriate standard of advice and service from advisers.</li> <li>Technical support helplines for advisers.</li> <li>Client complaint handling process and reporting.</li> <li>Oversight processes in respect of the advice provided to clients delivered by Business Assurance, Field Risk, Advice Guidance and Compliance Monitoring teams.</li> <li>Whistleblowing and investigations.</li> </ul>

## DIRECTORS' REPORT (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES (continued)

PRINCIPAL RISKS	RISK DESCRIPTION	Example risk components	Example mitigation/material controls
Financial	The business's finances are not effectively managed.	<ul style="list-style-type: none"> <li>• Failure to meet client liabilities</li> <li>• Investment/Market risk</li> <li>• Solvency / capital risk</li> <li>• Liquidity risk.</li> <li>• Expense risk.</li> <li>• Finance operations and financial reporting risk.</li> <li>• Model management risks.</li> </ul>	<ul style="list-style-type: none"> <li>• Policyholder liabilities are fully matched.</li> <li>• Excess assets generally invested in high-quality, high-liquidity cash and cash equivalents.</li> <li>• Monitoring and management of solvency to minimise Group interdependency.</li> <li>• Maintains liquidity facilities with banks which are available on short notice if required to meet liquidity needs.</li> <li>• Internal control over financial control policy, application and monitoring.</li> <li>• Budget and expense management and monitoring.</li> <li>• Model management.</li> </ul>
Third parties incl Group Support	The third-party outsourcers' activities impact our performance and risk management.	<ul style="list-style-type: none"> <li>• Operational failures by material outsourcers.</li> <li>• Failure of critical service, significant areas including:                             <ul style="list-style-type: none"> <li>○ Investment administration</li> <li>○ Fund management</li> <li>○ Custody</li> <li>○ Policy administration</li> <li>○ Cloud services</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Oversight regime in place to identify prudent steps to reduce risk of operational failures by material third-party providers and fund managers.</li> <li>• Ongoing third-party monitoring and governance, including assessment of operational resilience.</li> <li>• Due diligence on contractual agreements and SLAs.</li> <li>• Review of exit planning, operational resilience and business continuity plans.</li> <li>• Regular review of intragroup SLAs and support.</li> </ul>

## DIRECTORS' REPORT (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Principal Risks	Risk description	Example risk components	Example mitigation/material controls
Regulatory and legislative	Current, changing, or new regulatory and legislative expectations are not met.	<ul style="list-style-type: none"> <li>• Failure to comply with existing regulations and deliver good client outcomes.</li> <li>• Failure to prevent financial crime, money laundering, bribery and corruptions, market abuse.</li> <li>• Failure to protect the confidentiality, integrity and availability of data.</li> <li>• Failure to comply with changing regulation or respond to changes in regulatory expectations.</li> <li>• Inadequate internal controls.</li> <li>• Ineffective governance, risk management and systems of controls.</li> <li>• Failure to manage new and existing products in line with regulation.</li> </ul>	<ul style="list-style-type: none"> <li>• Client outcome monitoring.</li> <li>• Financial Crime Prevention.</li> <li>• Established Governance and Reporting processes, including incident escalations and breach reporting.</li> <li>• Extensive reviews over control environment and product governance.</li> <li>• Data Protection including policies, governance and impact assessments.</li> <li>• Maintaining and monitoring solvency capital buffers.</li> <li>• Clearly defined accountabilities and delegated authorities across the business.</li> <li>• Fostering of positive regulatory relationships.</li> </ul>
Security and Resilience	Fails to adequately secure its physical assets, systems and/or sensitive information, or to deliver critical business services to its clients.	<ul style="list-style-type: none"> <li>• Internal or external fraud.</li> <li>• Core system failure.</li> <li>• Failure to protect against cyber-attack.</li> <li>• Corporate, Partnership, or third-party information security and cyber risks.</li> <li>• Disruption in key business services to our clients.</li> </ul>	<ul style="list-style-type: none"> <li>• Business continuity planning for SJP and its key suppliers, and strengthening operational resilience capabilities by undertaking robust identification, assessment and testing of important business services.</li> <li>• Clear cyber strategy.</li> <li>• Data leakage detection technology, incident reporting and systems.</li> <li>• Internal awareness programmes.</li> <li>• Identification, communication, and response planning for a cyber event.</li> <li>• Group-Executive-Committee-level cyber scenario work to test strategic response.</li> </ul>

## DIRECTORS' REPORT (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Principal Risks	Risk description	Example risk components	Example mitigation/material controls
Partner Proposition	The proposition solution fails to meet the needs, objectives and expectations of current and potential future advisers.	<ul style="list-style-type: none"> <li>• Failure to attract new members to the Partnership.</li> <li>• Failure to retain advisers.</li> <li>• Failure to increase adviser productivity.</li> <li>• Available technology falls short of client and adviser expectations and fails to support growth objective.</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on providing a market-leading Partner proposition.</li> <li>• Adequately skilled and resourced population of supporting field managers.</li> <li>• Reliable systems and administration support.</li> <li>• Market-leading support to Partners' businesses.</li> <li>• Oversight of the distribution network.</li> </ul>
Strategy, Brand & Change	Failure to deliver change effectively and in line with the agreed strategy.	<ul style="list-style-type: none"> <li>• Risk that change initiatives fail to achieve the expected strategic contributions, outcomes and benefits.</li> <li>• Risk that change initiatives exceed budget, timelines, or fail to meet quality commitments.</li> <li>• Unnecessary delays/errors caused by failures in change delivery.</li> <li>• Impact of changes to the Group strategy.</li> </ul>	<ul style="list-style-type: none"> <li>• Robust change governance and change management practices, including oversight, structured methodologies and testing.</li> <li>• Project sponsorship and change governance.</li> <li>• Risk, assumption, issue and dependency management.</li> <li>• Change budget and resource planning and management.</li> <li>• Data protection impact assessments.</li> <li>• Transformation prioritisation, planning and oversight.</li> <li>• Board oversight and approval of 3 year business plan.</li> </ul>
People	SJP is unable to attract, retain and organise the right people to run the business.	<ul style="list-style-type: none"> <li>• Failure to attract and retain personnel with key skills.</li> <li>• Failure to manage colleague performance effectively to meet objectives.</li> <li>• Key person dependencies.</li> <li>• Failure to create an inclusive and diverse business.</li> <li>• Poor employee wellbeing or corporate culture.</li> <li>• Culture of supporting social value is eroded.</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive total reward packages and effective performance management processes.</li> <li>• Monitoring of employee engagement and satisfaction.</li> <li>• Succession planning and talent management.</li> <li>• Employee wellbeing is supported through various initiatives, benefits and services.</li> <li>• Corporate incentives to encourage social value engagement, including matching of employee charitable giving to the SJP Charitable Foundation.</li> <li>• Whistleblowing hotline.</li> </ul>

## DIRECTORS' REPORT (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Principal Risks	Risk description	Example risk components	Example mitigation/material controls
Geopolitical risks	The company operates in Hong Kong; however it is exposed to a level of uncertainty within the wider region and also tax / inflationary developments in the UK	<ul style="list-style-type: none"> <li>Regional political and economic uncertainty.</li> <li>UK political and economic uncertainty.</li> <li>Product offering no longer eligible for target market.</li> <li>Other external regulatory changes and impacts</li> <li>Market volatility arising from global and regional geopolitical risks</li> </ul>	<ul style="list-style-type: none"> <li>Contingency planning.</li> <li>External legal advice.</li> <li>Monitoring regulatory developments.</li> <li>Monitoring and assessing external environment including emerging &amp; strategic risks.</li> </ul>

### CURRENT RISK ENVIRONMENT

Although new challenges have arisen during the year, the key risks were familiar to our risk framework and the Company's business model has demonstrated resilience to macroeconomic factors through 2024. Overall, we remain confident in the Company's ability to withstand further challenges that may or may not emerge from the risk environment described in more detail below and in the St. James's Place plc Annual Report and Accounts 2024.

#### MACRO-ECONOMIC:

The Company's business model has demonstrated resilience and continues to be well positioned to survive extreme conditions and continue to invest for long-term growth. Despite the potential macroeconomic risks, we believe there are good reasons to be optimistic about continued investment and growth of net flows to the Company. In particular, our advisers are well placed to advise clients on the benefits of taking a long-term view and investing or continuing to invest when markets are relatively low.

#### SUSTAINABILITY AND CLIMATE CHANGE:

Sustainability and specifically climate-related risks are identified and assessed through the suite of Group risk policies, framework, processes and scoring methodologies. These were applied through a Double Materiality Assessment and cross-functional workshops with key stakeholders from across the business. Following these, sustainability and climate change was determined to be a cross-cutting risk that primarily drives:

1. Market-related risk to investments as transition risks could threaten asset valuations;
2. Reputational risks associated with greenwashing accusations which could harm the Group's ability to attract and retain clients, reducing fee income;
3. Regulatory risk as compliance with climate related requirements can carry a high implementation cost.

The Group's approach to managing climate driven market risk is similar to how other drivers of market-related risk are managed, through an investment management approach (IMA), whereby work is undertaken with fund managers to ensure they take account of climate risks whilst seeking to deliver returns for clients in line with their risk appetite. Similarly, to help mitigate reputational and regulatory risks, minimum standards are set for fund managers in relation to compliance and integration of ESG risks in decision-making.

Physical climate-related risks (acute or chronic) are assessed to ensure and enhance the Group's operational resilience. However, given the nature of SJP's operations, physical risks to the business are

## **DIRECTORS' REPORT (continued)**

### **SUSTAINABILITY AND CLIMATE CHANGE (continued):**

considered low. Further details on the principal sustainability and climate-related risks can be found in the Group TCFD report, including subsidiary-specific considerations where these differ from the consolidated Group position.

SJP Group's 2024 Climate Report can be found on the Group's website and outlines our broader approach to climate change including our emissions, targets, climate-related governance, risks and opportunities (<https://www.sjp.co.uk/ClimateReport2024>).

### **FUTURE DEVELOPMENTS**

The Company intends to continue its Class C Linked Long Term insurance business (as defined under Schedule 1, Part 2 of the Insurance Ordinance).

Noting the current challenges and uncertainties as discussed above, in the longer term, the Directors expect the Company will continue to increase its volume of new business (and, therefore, overall funds under management) as a result of increased scale and productivity of the Group's distribution operation, the St. James's Place Partnership, in Hong Kong.

### **SHARE ISSUES IN THE YEAR**

No shares were issued in the year (2023 - NIL).

### **RESERVES**

Movements in the reserves of the Company during the year are set out in the Statement of Changes in Equity on page 17.

### **CAPITAL AND SOLVENCY**

The Company manages its Statement of Financial Position prudently to ensure solvency is maintained safely through the economic cycle. This is important not only for the safeguarding of clients' assets, but also to maintain the level of returns to shareholders.

Solvency is assessed against the requirements of the Risk-based Capital (RBC) regime for Insurers in Hong Kong. With free assets considerably in excess of the regulatory requirement, the Company's solvency position remains strong; see note 7 for further details.

## DIRECTORS' REPORT (continued)

### KEY PERFORMANCE INDICATORS

Financial key performance indicators:

	<b>31 December 2024</b>	31 December 2023
	<b>HK\$'m</b>	HK\$'m
Funds Under Management (FUM)	3,472	3,013
Gross inflows	570	496
Net inflows	297	338
Total Sum at Risk	174	136

Non-Financial key performance indicators:

	<b>31 December 2024</b>	31 December 2023
Number of policies	1,828	1,704

With the objective of increasing FUM through growth in new business, 2024 has been a positive year. FUM has increased by 15.2% year on year due to net inflows coupled with positive market performance. Despite the challenging macro-economic environment, net FUM inflows have remained positive for the year. The company's results are ultimately driven by the annual management charge earned from FUM, as well as the control of key expenses.

### DIRECTORS

The Directors who served during the year and up to the date of signing the financial statements were:

C Gentle (resigned 31 July 2024)  
 P Fell (appointed 11 November 2024)  
 A Lai  
 I MacKenzie (Chair)  
 T Smith  
 M Turnbull

There being no provision in the Company's Articles of Association for retirement by rotation, all Directors in place at the end of the year continue in office.

## **DIRECTORS' REPORT (continued)**

### **DIRECTORS' AND CONTROLLERS' INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS**

No transactions, arrangements, and contracts of significance in relation to the Company's business to which the Company, or its fellow subsidiaries was a party and in which a Director or a controller of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### **DIRECTORS' AND CONTROLLERS' INTERESTS IN ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY**

Certain Directors and Controllers of the Company who were Directors and Controllers during the year held performance share awards granted under the Performance Share Plan of St. James's Place plc, the ultimate controlling party. Under this plan, the Remuneration Committee of St. James's Place plc may make awards of performance shares to certain Directors and senior managers. These awards are subject to the earnings growth conditions of the St. James's Place plc and are predominantly equity settled. As share awards granted are not for services rendered specifically to this Company, the rewards are accounted for in the financial statements of the individual's employing company. The following Directors and Controllers of the Company were granted awards under this plan:

C Gentle (resigned 31 July 2024)  
P Fell (appointed 11 November 2024)  
I MacKenzie

Certain Directors and Controllers of the Company who were Directors and Controllers during the year held performance share awards granted under the Deferred Bonus Scheme of St. James's Place plc. Under this plan, the deferred element of the annual bonus is used to purchase shares in St. James's Place plc. The shares are held in trust over the three-year vesting period and may be subject to further non-market-based performance conditions. As share awards granted are not for services rendered specifically to this Company, the rewards are accounted for in the financial statements of the individual's employing company. The following Directors and Controllers of the Company were granted awards under this plan:

C Gentle (resigned 31 July 2024)  
P Fell (appointed 11 November 2024)  
I MacKenzie  
A Lai

Apart from the above, at no time during the year was the Company, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the Directors or Controllers of the Company to hold any interests in the shares in, or debentures of, the Company or other associated corporation.

### **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

### **REINSURANCE ARRANGEMENTS**

During the year, the Company had no reinsurance arrangements in place.

## **DIRECTORS' REPORT (continued)**

### **CONTROLLERS**

The Controllers of the Company, within the meaning of section 9(1) of the Insurance Ordinance, during the year and up to the date of signing the financial statements were:

M Fitzpatrick  
A Lai  
St. James's Place plc  
St. James's Place UK plc  
St. James's Place Wealth Management Group Limited

See note 13 for details of remuneration to key management personnel as defined by HKAS 24.

### **DIRECTORS' INDEMNITY AND INSURANCE**

St. James's Place plc, the ultimate parent company, has taken out insurance covering Directors and Officers against liabilities they may incur in their capacity as Directors or Officers of St. James's Place plc or its subsidiaries. All members of the Board of St. James's Place plc who act as Directors or Officers of subsidiary companies are each granted indemnities whilst acting in their capacity as Directors or Officers to the extent permitted by law. These indemnities are uncapped in amount and protect recipients from certain losses and liabilities that they may incur to third parties in connection with the furtherance of their duties as Directors or Officers of St. James's Place plc or its subsidiary companies. This is a qualifying third-party indemnity provision and was in force during the financial year and remains in force.

### **EXTERNAL AUDITORS**

The financial statements and financial information have been audited by Grant Thornton Hong Kong Limited who retire and being eligible, offer themselves for re-appointment.

### **GOING CONCERN**

Going concern has been evaluated by the Directors of the Company. They concluded that it was reasonable to expect the Company to continue to carry out Class C Linked Long Term insurance business for a period of not less than 12 months from the date of signing of the financial statements.

This report was approved by the Board of Directors on 24<sup>th</sup> April 2025 and signed on its behalf on the same date by:



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**Angelina Lai**  
Chief Executive



## Independent auditor's report

**To the members of St. James's Place International (Hong Kong) Limited  
(incorporated in Hong Kong with limited liability)**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the financial statements of St. James's Place International (Hong Kong) Limited (the "Company") set out on pages 15 to 46, which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

#### **Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the directors' report and the financial information prepared under the Insurance Ordinance, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

**Grant Thornton Hong Kong Limited**

Certified Public Accountants  
11<sup>th</sup> Floor, Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
Hong Kong SAR

24 April 2025

Ng Ka Kong  
Practising Certificate No.: P06919

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
*for the financial year ended 31 December 2024*

	<b>Note</b>	<b>Year ended 31 December 2024 HK\$</b>	<b>Year ended 31 December 2023 HK\$</b>
Fee income from investment contracts		68,783,362	52,853,678
Investment return	10	291,131,814	204,553,231
<b>Net income</b>		<u>359,915,176</u>	<u>257,406,909</u>
Movement in investment contract benefits	11	(268,935,638)	(196,353,819)
Distribution and administrative expenses	12	(47,542,047)	(32,199,003)
<b>PROFIT BEFORE TAXATION</b>		<u>43,437,491</u>	<u>28,854,087</u>
Income tax	14	(44,583,012)	11,851,089
<b>(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>		<u>(1,145,521)</u>	<u>40,705,176</u>

All amounts relate to continuing operations.

The notes and information on pages 19 to 46 are an integral part of the financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2024**

	Note	<u>31 December 2024</u> HK\$	<u>31 December 2023</u> HK\$
<b>ASSETS</b>			
Property & equipment	15	2,213,431	123,558
Deferred origination costs – investment business	16	109,907,625	98,569,055
Assets held to cover linked liabilities	17	3,471,947,484	3,012,628,483
Deferred Tax	14	-	11,851,089
Prepayments		382,009	385,119
Other receivables	18	28,304,586	5,677,203
Cash and cash equivalents		137,812,978	131,353,966
<b>Total assets</b>		<u>3,750,568,113</u>	<u>3,260,588,473</u>
<b>LIABILITIES</b>			
Investment contract liabilities	11	3,471,947,484	3,027,212,929
Deferred tax	14	32,731,923	-
Payables in relation to unit liabilities		8,109,356	2,042,334
Accruals		5,595,081	4,061,312
Other payables	19	10,051,071	3,993,179
<b>Total liabilities</b>		<u>3,528,434,915</u>	<u>3,037,309,754</u>
<b>NET ASSETS</b>		<u>222,133,198</u>	<u>223,278,719</u>
<b>EQUITY</b>			
Share capital	20	200,000,000	200,000,000
Accumulated profit		22,133,198	23,278,719
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>222,133,198</u>	<u>223,278,719</u>

The financial statements on pages 15 to 46 were approved by the Board of Directors for issue on 24 April 2025 and were signed on its behalf on the same date by:




**Paul Fell**  
 Director

**Angelina Lai**  
 Chief Executive

The notes and information on pages 19 to 46 are an integral part of the financial statements.

**STATEMENT OF CHANGES IN EQUITY**  
*for the financial year ended 31 December 2024*

	<b>Share capital</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Balance as at 1 January 2024	200,000,000	23,278,719	223,278,719
Loss and total comprehensive loss for the year	-	(1,145,521)	(1,145,521)
Balance as at 31 December 2024	<u>200,000,000</u>	<u>22,133,198</u>	<u>222,133,198</u>

	<b>Share capital</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Balance as at 1 January 2023	200,000,000	(17,426,457)	182,573,543
Profit and total comprehensive income for the year	-	40,705,176	40,705,176
Balance as at 31 December 2023	<u>200,000,000</u>	<u>23,278,719</u>	<u>223,278,719</u>

The notes and information on pages 19 to 46 are an integral part of the financial statements.

**STATEMENT OF CASH FLOWS**  
**for the financial year ended 31 December 2024**

	<b>Note</b>	<b>Year ended 31 December 2024 HK\$</b>	<b>Year ended 31 December 2023 HK\$</b>
<b>Cash flows from operating activities</b>			
(Loss)/profit and total comprehensive (loss) income for the year		(1,145,521)	40,705,176
Adjustments for:			
Depreciation	15	1,097,468	1,482,701
Leased asset additions	15	(3,187,341)	-
Interest received	10	(3,054,965)	(2,601,444)
Operating (loss)/profit before working capital changes		<u>(6,290,359)</u>	<u>39,586,433</u>
Increase in deferred origination costs	16	(11,338,570)	(17,269,701)
Decrease/(increase) in Deferred tax	14	44,583,012	(11,851,089)
Increase in other receivables	18	(22,627,383)	(15,206)
Decrease/(increase) in prepayments		3,110	(83,884)
Increase/(decrease) in payables in relation to unit liabilities		6,067,022	(1,236,892)
Increase/(decrease) in other payables	19	6,939,712	(35,425,224)
Increase in accruals		1,533,769	2,650,362
Increase in assets held to cover linked liabilities	17	(459,319,001)	(648,135,774)
Increase in investment contract liabilities	11	444,734,555	643,860,926
<i>Net cash from/(used in) operating activities</i>		<u>4,285,867</u>	<u>(27,920,049)</u>
<b>Cash flows from financing activities</b>			
Interest received	10	3,054,965	2,601,444
Payment of lease liabilities	15	(881,820)	(1,253,724)
<i>Net cash from financing activities</i>		<u>2,173,146</u>	<u>1,347,720</u>
Net increase/(decrease) in cash and cash equivalents		6,459,012	(26,572,329)
Cash and cash equivalents at beginning of the year		<u>131,353,966</u>	<u>157,926,295</u>
<b>Cash and cash equivalents at end of the year</b>		<u>137,812,978</u>	<u>131,353,966</u>

The notes and information on pages 19 to 46 are an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

St. James's Place International (Hong Kong) Limited (the "Company") is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office and principal place of business is 1/F, Henley Building, 5 Queen's Road Central, Hong Kong.

As at 31 December 2024, the Company's immediate holding company is St. James's Place UK plc (incorporated in England and Wales) and the ultimate holding company is St. James's Place plc (incorporated in England and Wales).

These financial statements are presented in Hong Kong Dollars ("HK\$"), which is also the functional currency of the Company.

### 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the provisions of the Companies Ordinance which apply to the preparation of separate unconsolidated financial statements. The financial information of the Company has been prepared in accordance with HKFRS and the provision of the Insurance Ordinance.

In accordance with the criteria set out in paragraph 4(a) of HKFRS 10, Consolidated Financial statements, the Company is exempt from the preparation of consolidated financial statements and accounting for the investments in associates and joint venture using the equity method, because St. James's Place plc, the ultimate parent of the Company, produces consolidated financial statements in accordance with International Financial Reporting Standards, which are available for public use at <https://www.sjp.co.uk>. The Company presents separate financial statements.

The financial statements have been prepared on a going concern basis. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of the financial instruments held to cover investment contract liabilities and other financial instruments to fair value. The measurement bases are fully described in the accounting policies below.

### 3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

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

Judgements made by management in the application of financial reporting standards that have a significant effect on the financial statements are discussed in note 5.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

#### Amendments to standards adopted

A number of amended standards which are relevant to the Company's operations have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2024. These amended standards are presented below. The adoption of these amendments did not have any impact on the current year or any prior year and are not likely to affect future years.

Standards affected:	New standard and amendments relate to:
HKAS 1	Classification of Liabilities as Current or Non-current (amendments) and related amendment to Hong Kong interpretation 5 (2020)
HKAS 1	Non-current Liabilities with Covenants (amendments)
HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)
HKAS and HKFRS 7	Supplier Finance Arrangements (amendments)

#### New standards, amendments to standards and interpretations to standards not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2025 and have not been applied in preparing these financial statements. New and amended standards effective after 1 January 2025 are presented as follows:

Standards affected:	New standard and amendments relate to:	Effective date
HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)	1 Jan 2025
HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 (amendments)	1 Jan 2026
HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments)	1 Jan 2026
HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity (amendments)	1 Jan 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)	1 Jan 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 Jan 2027
Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 Jan 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	Date to be determined

The only standard expected to have an impact on the Financial Statements is HKFRS 18 Presentation and Disclosure in Financial Statements. HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. It carries forward many of the existing requirements in HKAS 1, with limited changes, and some HKAS 1 requirements will be moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 Financial Instruments: Disclosures".

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (CONTINUED)

HKFRS 18 introduces three major new requirements, including:

- Reporting newly defined subtotals (namely "operating profits" and "profits before financing and income tax"), and classifying items into five newly defined categories (namely "operating", "investing", "financing", "income tax" and "discontinued operations"), depending on the reporting entity's main business activities, in the statement of profit or loss
- Disclosure of management-defined performance measures ("MPM"s) in a single note to the financial statements

Besides, narrow-scope amendments have been made to HKAS 7 Statement of Cash Flows", which includes:

- Using "operating profit or loss" as the starting point for indirect method for the presentation of operating cash flows purposes

Management are currently assessing the impacts of adopting the new standard however it is expected to impact only the presentation and disclosure of the Financial Statements and is not expected to have an impact on recognition and measurement.

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

#### 5.1 Judgements

The Company has applied judgement in applying accounting policies in the classification of its products as either investment or insurance contracts. The Company's products are classified as investment contracts as the Company does not deem there to be a significant transfer of insurance risk.

#### 5.2 Estimates

##### **Determining the fair value of investment contract benefits**

The principal area in which the Company applies accounting is in determining the investment contract liabilities.

The Company categorises investment contracts as financial liabilities, carried on the Statement of Financial Position at Fair Value through Profit or Loss. The fair value of investment contracts is assessed by reference to the value of the underlying net asset value of the Company's unitised investment funds, determined on a bid value, at the reporting date.

As the underlying net asset value is determined using inputs other than quoted prices, but which are observable, either directly (that is, as prices) or indirectly (that is, derived from prices), the liabilities are categorised as a level 2 financial instrument.

##### **Deferred acquisition costs**

Deferred acquisition costs on investment contracts are amortised on a straight-line basis over the average lifetime of the underlying contracts. The average lifetime of the contracts has been estimated from the experienced termination rates and the average age of clients at inception and maturity.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, as noted below.

#### 6.1. Product Classification

The Company's products are classified for accounting purposes as investment contracts. Insurance contracts are contracts under which the insurer accepts significant insurance risk, which the Directors do not deem to be the case. Contracts under which an insurer does not accept significant insurance risk are treated as investment contracts.

#### 6.2. Premiums from Investment Contracts

Investment contract premiums are not included in the Statement of Profit or Loss and Other Comprehensive Income but are reported as deposits to investment contract liabilities in the Statement of Financial Position.

#### 6.3. Claims and Withdrawals from Investment Contracts

Investment contracts benefits paid are not included in the Statement of Profit or Loss and Other Comprehensive Income but are instead deducted from investment contract liabilities. The movement in investment contract benefits principally represents the investment return credited to policyholders.

#### 6.4. Fee income from Investment Contracts

Fees charged for services related to the management of investment contracts are recognised within net income as the services are provided. There are no initial fees which exceed the level of recurring fees and relate to the future provision of services and, therefore, there is no deferral and amortisation of fee income.

#### 6.5. Investment Return

Investment return comprises investment income and realised and unrealised investment gains and losses. Investment income includes dividends and interest. Dividends are accrued on an ex-dividend basis. Interest, which is generated on assets classified as Fair Value through Profit or Loss, is accounted for using the effective interest method. Unrealised investment gains/losses represent the difference between the fair valuation of investments at the Statement of Financial Position date and their original cost, or, if they have been previously valued, their fair valuation at the last Statement of Financial Position date.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 6.6. Distribution and Administrative Expenses

##### 6.6.1 Deferred Origination Costs – Investment Business

Only directly attributable acquisition costs, which vary with and are related to securing new contracts, are deferred, and only to the extent that they are recoverable from future revenue.

These Deferred Origination Costs, which represent the contractual right to benefit from providing investment management services, net of any impairment losses, are amortised on a straight-line basis over the expected lifetime of the Company's investment contracts. All other costs are recognised as expenses as incurred.

##### 6.6.2 Foreign Exchange Gains and Losses

Transactions entered into in currencies other than the currency of the primary economic environment in which the Company operates ("the functional currency") are recorded at the rate applicable in the month the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates applicable at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Statement of Profit or Loss and Other Comprehensive Income for the year.

##### 6.6.3 Other Expenses

Other expenses represent costs incurred in the normal course of business as analysed in note 12, which includes professional fees, intra-Group recharged expenses and third-party expenses, and are all charged to the Statement of Profit or Loss and Other Comprehensive Income on an accrual's basis.

#### 6.7 Income Tax and Deferred Tax

Income tax for the year comprises current tax and deferred tax. Current tax is based on the profit or loss for the year and is calculated using rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, and except for assets and liabilities that do not give rise to equal taxable and deductible temporary differences, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 6.8 Property & Equipment

Property and equipment comprises those assets which are owned and those which are leased.

##### **Initial and subsequent measurement of owned assets**

Owned items of property and equipment are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged to expenses within the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of the property and equipment, which are as follows:

	% per annum
Fixtures & fittings	20

##### **Initial and subsequent measurement of leased assets**

A right-of-use asset is recognised within property and equipment for leased items which are not subject to the short-term or low-value lease exemptions set out in HKFRS 16. This comprises the Company's leased property portfolio. The right-of-use asset recognised on the commencement date of the lease is the value of the lease liability (refer to the other payables accounting policy below), plus expected dilapidations costs, initial direct costs (that is, incremental costs that would not have been incurred if the lease had not been obtained, such as legal fees) and lease payments made before or at the commencement date of the lease. Following initial recognition, depreciation is charged to expenses within the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term.

##### **Impairment of leased assets**

The carrying value of leased assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Any assets that may have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 6.9. Assets Held to Cover Linked Liabilities

Financial instruments held to cover investment contract liabilities are stated at their fair value and are classified at Fair Value through Profit or Loss, with all gains and losses recognised through the Statement of Profit or Loss and Other Comprehensive Income, with the exception of deposits, which are reported as deposits to or deductions from assets held to cover linked liabilities in the statement of financial position. The decision by the Company to designate its investments at Fair Value through Profit or Loss reflects the fact that the investment portfolio is managed, and its performance evaluated, on a fair value basis.

The Company recognises financial instruments when it becomes a party to the contractual provisions of the instrument. The fair values of financial investments are based on current bid prices. If the market for a financial investment is not active, the Company establishes fair value by using valuation techniques such as recent arm's length transactions, reference to similar listed investments, discounted cash flow models or option pricing models.

The Company recognises its purchases and sales of investments on the trade date. The costs associated with investment transactions are included within other administrative expenses.

An investment is derecognised when the contractual right to receive cash flows from the investment has expired. On de-recognition of the investment in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

#### 6.10. Investment Contract Liabilities

Investment contracts consist of investment-linked contracts. Investment contract liabilities are measured at fair value by reference to the value of the underlying net asset value of the Company's unitised investment funds, determined on a bid value at the Statement of Financial Position date. Investment contract liabilities are recognised when units are first allocated to the policyholder; they are derecognised when units allocated to the policyholder have been cancelled.

The decision by the Company to designate its unit-linked liabilities at Fair Value through Profit or Loss reflects the fact that the underlying investment portfolio is managed, and its performance evaluated, on a fair value basis.

Payables in relation to unit liabilities primarily relate to outstanding market trade settlements (purchases) in the unit-linked funds, categorised as short-term, typically settled within three days.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 6.11. Other Financial Instruments

##### 6.11.1 Other Financial Assets and Liabilities

The Company recognises financial instruments when it becomes a party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for de-recognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

The Company's accounting policies in respect of financial instruments transactions are explained below:

##### **Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market and that the Company has no intention of trading. Subsequent to initial recognition, receivables are held at amortised cost less allowance for incurred impairment losses. The assets are held within a business model with the objective of collecting contractual cashflows. The contractual terms give rise on specified dates to cash-flows that are solely payments of principal and interest on the principle outstanding.

##### **Payables**

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Other payables include lease liabilities calculated in accordance with HKFRS 16. On the commencement date of the lease, the lease liability is measured as the present value of the future lease payments. For the Company, future lease payments include those which are fixed and those which vary depending on an index or rate. The future lease payments are discounted at the Company's incremental borrowing rate at the commencement date of the lease, which varies depending on the lease term.

The incremental borrowing rate is management's judgement as to the rate of interest that the Company would have to pay to borrow, over a similar term and with similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset. This has been determined with reference to the rate of interest of existing borrowings held by the Company and market rates, adjusted to consider the security and term associated with the lease.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 6.11.2 Impairment Loss Financial Assets

Financial assets held at amortised cost are assessed for impairment using an expected credit loss model. The model splits financial assets into those which are performing, underperforming and non-performing based on changes in credit quality since initial recognition. At initial recognition financial assets are considered to be performing. They become underperforming where there has been a significant increase in credit risk since initial recognition, and non-performing when there is objective evidence of impairment. Lifetime expected credit losses recognised for underperforming and non-performing financial assets are recognised in the Statement of Comprehensive Income. Expected credit losses are based on the historic levels of loss experienced for the relevant financial assets, with due consideration given to forward-looking information.

There are currently no impairment losses recognised in the entity.

#### 6.12. Cash and Cash Equivalents

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts to the extent that the Company has a right of set-off.

#### 6.13. Share Capital

Ordinary shares are classified as equity.

### 7. CAPITAL MANAGEMENT

The Company is required to hold sufficient capital to meet the capital requirements under the Hong Kong Insurance Authority's Risk-Based Capital ("RBC") regime which came into effect on 1 July 2024. As at 31 December 2024, the Company held capital substantially in excess of these requirements.

The Company's Board of Directors and management assess and monitor the capital requirement and the associated solvency ratio. This ratio is calculated as total capital and surplus divided by minimum solvency margin.

	<b>31 December 2024</b>
	<b>HK\$</b>
Total Shareholders' Funds	222,133,198
<i>Adjustments to RBC basis:</i>	
Regulatory Non-Unit Reserves	257,568,539
Margin Over Current Estimate	(19,354,247)
Deferred Origination Costs	(109,907,625)
Total Tier 1 eligible capital (A):	350,439,865
Prescribed Capital Amount (B)	167,352,737
Solvency ratio (A/B)	209.4%

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7. CAPITAL MANAGEMENT (CONTINUED)

The solvency ratio is 209%, which is above the statutory minimum regulatory requirement of 100%. As the RBC regime was newly introduced in 2024, no prior period comparatives are presented above.

### 8. UNCONSOLIDATED STRUCTURED ENTITIES

The Company's funds invest in various unit trusts (in this context, known as "structured entities"). The following table summarises the Company's interest in unit trusts:

	Note	31 December 2024 HK\$	31 December 2023 HK\$
<b>Assets held to cover linked liabilities</b>			
Investment in Collective Investment Schemes	17	3,443,053,511	2,971,386,572
<b>Total</b>		<u>3,443,053,511</u>	<u>2,971,386,572</u>

Of the above interests in structured entities, the following table summarises those which are controlled by the Company. These entities are measured at Fair Value through Profit or Loss. All unit trusts below are incorporated in the United Kingdom with a principal place of business in the United Kingdom.

The carrying value of each unit trust, the value of the Company's interest and proportion of the Company's ownership as at 31 December are as follows.

Name of structured entity	31 December 2024			31 December 2023		
	Unit Trust Value HK\$	Company's Interest HK\$	%	Unit Trust Value HK\$	Company's Interest HK\$	%
	Adventurous Growth	452,055,499	348,173,145	77	295,690,450	212,897,124
Adventurous International Growth	735,651,464	735,651,464	100	447,693,439	447,693,439	100
Balanced Growth	889,880,684	769,301,851	86	900,543,893	774,467,748	86
Balanced International Growth	1,197,891,336	1,197,891,336	100	1,082,659,002	1,082,659,002	100
Conservative Growth	108,936,230	89,643,624	82	90,777,118	66,267,296	73
Conservative International Growth	150,492,600	150,492,600	100	171,650,308	171,650,308	100
<b>Total</b>	<u>3,534,907,813</u>	<u>3,291,154,020</u>		<u>2,989,014,210</u>	<u>2,755,634,917</u>	

Dividend income and interest income are received during the reporting period from these interests in structured entities. The associated investment risks related to these investments are borne by the unit-holders and not the Company; therefore, the Company does not have an exposure to the gains or losses in these unit trusts.

These unit trusts are the source of direct investment, as well as indirectly through products offered by the St. James's Place Group.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. FINANCIAL RISK MANAGEMENT

The Company adopts a risk-averse approach to financial risk with a stated policy of not actively pursuing and accepting financial risk except when necessary to support other objectives. The Company seeks to manage risk through the use of only highly-rated investments. The Company has not used any derivatives or other instruments for hedging purposes. The Company does not hold or issue derivative financial instruments for trading purposes.

The Board of Directors periodically analyses and formulates measures to manage the Company's exposure to market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

#### 9.1. Categories of Financial Assets and Financial Liabilities

The categories and carrying values of the financial assets and financial liabilities held in the Company's Statement of Financial Position are summarised in the table below.

**31 December 2024**

	<b>Fair Value through Profit or Loss<sup>(1)</sup></b>	<b>Financial assets measured at amortised cost</b>	<b>Financial liabilities measured at amortised cost<sup>(2)</sup></b>	<b>Total</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
<b>Financial Assets:</b>				
Assets held to cover linked liabilities	3,443,053,511	28,893,973	-	3,471,947,484
Other receivables	-	28,304,586	-	28,304,586
Cash and cash equivalents	-	137,812,978	-	137,812,978
<b>Total financial assets</b>	<b>3,443,053,511</b>	<b>195,011,537</b>	<b>-</b>	<b>3,638,065,048</b>
<b>Financial Liabilities:</b>				
Investment contracts	3,471,947,484	-	-	3,471,947,484
Payables (excl. accruals)	-	-	18,160,427	18,160,427
<b>Total financial liabilities</b>	<b>3,471,947,484</b>	<b>-</b>	<b>18,160,427</b>	<b>3,490,107,911</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### 9.1. Categories of Financial Assets and Financial Liabilities (continued)

31 December 2023

	Fair Value through Profit or Loss <sup>(1)</sup>	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost <sup>(2)</sup>	Total
	HK\$	HK\$	HK\$	HK\$
<b>Financial Assets:</b>				
Assets held to cover linked liabilities	2,971,386,572	41,241,911	-	3,012,628,483
Other receivables	-	5,677,203	-	5,677,203
Cash and cash equivalents	-	131,353,966	-	131,353,966
<b>Total financial assets</b>	<b>2,971,386,572</b>	<b>178,273,080</b>	<b>-</b>	<b>3,149,659,652</b>
<b>Financial Liabilities:</b>				
Investment contract liabilities	3,012,628,021	-	14,584,908	3,027,212,929
Payables (excl. accruals)	-	-	6,035,513	6,035,513
<b>Total financial liabilities</b>	<b>3,012,628,021</b>	<b>-</b>	<b>20,620,421</b>	<b>3,033,248,442</b>

<sup>(1)</sup> All financial assets and liabilities at Fair Value through Profit or Loss are designated as such upon initial recognition.

<sup>(2)</sup> Financial liabilities measured at amortised cost exclude Accruals and Tax-related balances.

The carrying value of the investment contract liabilities may differ from the amount contractually required to pay at maturity. This is as a result of the variable maturity values of the financial liabilities as a consequence of future policyholder investments and withdrawals as well as investment return. The value that would be required to be paid to policyholders as at 31 December 2024 in the event of surrender is less than the unit value included in the Statement of Financial Position, as an early withdrawal charge applies to all plans within five years of inception. In the event of death, the value to be paid would be 5% higher than the investment contract liability held in the Statement of Financial Position.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. FINANCIAL RISK MANGEMENT (continued)

#### 9.2. Income, Expense, Gains and Losses Arising from Financial Assets and Financial Liabilities

The income, expense, gains and losses arising from financial assets and financial liabilities are summarised in the table below:

##### For the financial year ended 31 December 2024

	Fair Value through Profit or Loss <sup>(1)</sup> HK\$	Financial assets measured at amortised cost HK\$	Financial liabilities measured at amortised cost HK\$	Total HK\$
<b>Financial Assets:</b>				
Assets held to cover linked liabilities	288,076,849	-	-	288,076,849
Cash and cash equivalents	-	3,054,965	-	3,054,965
<b>Total financial assets</b>	288,076,849	3,054,965	-	291,131,814
<b>Financial Liabilities:</b>				
Investment contract liabilities	(268,935,638)	-	-	(268,935,638)
<b>Total financial liabilities</b>	(268,935,638)	-	-	(268,935,638)

##### For the financial year ended 31 December 2023

	Fair Value through Profit or Loss <sup>(1)</sup> HK\$	Financial assets measured at amortised cost HK\$	Financial liabilities measured at amortised cost HK\$	Total HK\$
<b>Financial Assets:</b>				
Assets held to cover linked liabilities	201,951,787	-	-	201,951,787
Cash and cash equivalents	-	2,601,444	-	2,601,444
<b>Total financial assets</b>	201,951,787	2,601,444	-	204,553,231
<b>Financial Liabilities:</b>				
Investment contract liabilities	(196,353,819)	-	-	(196,353,819)
<b>Total financial liabilities</b>	(196,353,819)	-	-	(196,353,819)

- (1) All financial assets and liabilities at Fair Value through Profit or Loss are designated as such upon initial recognition. None of the change in the fair value of financial liabilities at Fair Value through Profit or Loss is attributable to changes in their credit risk.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. FINANCIAL RISK MANGEMENT (continued)

#### 9.3. Fair Value Estimation

Financial assets and liabilities, which are held at fair value in the Statement of Financial Position, are required to have disclosed their fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Company's assets and liabilities measured at fair value are shown below:

<b>31 December 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total balance</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
<b>Financial Assets:</b>			
Assets held to cover linked liabilities (note 17)			
- Investment in Collective Investment Schemes	3,443,053,511	-	3,443,053,511
<b>Total financial assets</b>	<b>3,443,053,511</b>	<b>-</b>	<b>3,443,053,511</b>
<b>Financial Liabilities:</b>			
Investment contract liabilities	-	3,471,947,484	3,471,947,484
<b>Total financial liabilities</b>	<b>-</b>	<b>3,471,947,484</b>	<b>3,471,947,484</b>
<b>31 December 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total balance</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
<b>Financial Assets:</b>			
Assets held to cover linked liabilities (note 17)			
- Investment in Collective Investment Schemes	2,971,386,572	-	2,971,386,572
<b>Total financial assets</b>	<b>2,971,386,572</b>	<b>-</b>	<b>2,971,386,572</b>
<b>Financial Liabilities:</b>			
Investment contract liabilities	-	3,012,628,021	3,012,628,021
<b>Total financial liabilities</b>	<b>-</b>	<b>3,012,628,021</b>	<b>3,012,628,021</b>

The fair value of financial instruments traded in active markets is based on quoted bid prices at the Statement of Financial Position date, as described in note 6 to these financial statements. These instruments are included in Level 1. Instruments included in Level 1 comprise holdings in collective investment schemes.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **9. FINANCIAL RISK MANGEMENT (continued)**

#### **9.3. Fair Value Estimation (continued)**

The Company closely monitors the valuation of assets in markets that have become less liquid. Determining whether a market is active requires the exercise of judgement and is determined based upon the facts and circumstances of the market for the instrument being measured. Where it is determined that there is no active market, fair value is established using a valuation technique. The techniques applied incorporate relevant information available and reflect appropriate adjustments for credit and liquidity risks. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The relative weightings given to differing sources of information and the determination of non-observable inputs to valuation models can require the exercise of significant judgement.

If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value Level 2 financial assets and liabilities involves the use of observable prices for identical current arm's length transactions.

There were no transfers between Level 1 and Level 2 during the year. Should it be assessed that an active market no longer exists, a transfer between Level 1 and Level 2 fair value measurement hierarchies will be considered.

The fair values of the Company's financial assets and liabilities measured at amortised costs are not materially different from their carrying amounts because of their immediate or short-term maturity.

There were no transfers into or out of Level 3 during the year. There were no Level 3 financial assets at Fair Value through Profit or Loss in the year.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### 9.4. Credit risk

In general, risk from the Company's assets is minimised through investment in liquid assets with a strong credit rating. Credit risk is the risk of loss due to a debtor's non-payment of a loan or other line of credit. Credit risk also arises from holdings of cash and cash equivalents, deposits and formal loans with banks and financial institutions.

The Company has adopted a risk-averse approach and has a policy of not actively pursuing or accepting credit risk, except when necessary to support other objectives. Non-linked liabilities are matched by cash invested with approved banks with a view to minimising credit and market risk.

The following table sets out the maximum credit risk exposure and ratings of financial and other assets that are susceptible to credit risk:

31 December 2024	AAA	AA	A	Unrated	Unit-linked funds	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Assets held to cover linked liabilities	-	-	-	-	3,471,947,484	3,471,947,484
Other receivables	-	-	-	28,304,586	-	28,304,586
Cash and cash equivalents	-	137,812,978	-	-	-	137,812,978
<b>Total</b>	-	137,812,978	-	28,304,586	3,471,947,484	3,638,065,048

The following table sets out the maximum credit risk exposure and ratings of financial and other assets that were susceptible to credit risk in the prior year:

31 December 2023	AAA	AA	A	Unrated	Unit-linked funds	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Assets held to cover linked liabilities	-	-	-	-	3,012,628,483	3,012,628,483
Other receivables	-	-	-	5,677,203	-	5,677,203
Cash and cash equivalents	-	131,353,966	-	-	-	131,353,966
<b>Total</b>	-	131,353,966	-	5,677,203	3,012,628,483	3,149,659,652

There are no financial assets that are materially impaired, would otherwise be past due or impaired, whose terms have been renegotiated or are past due but not impaired.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### 9.5. Liquidity Risk

Liquidity risk is the risk that the Company, although solvent, either does not have sufficient financial resources to meet its obligations as they fall due or can only secure such resources at excessive cost. The Company has a very low appetite for an inability to meet its liabilities as they fall due.

The unit liabilities held on behalf of clients are matched by the unit investments held on their behalf. The death benefit is paid out of policyholder funds and an actuarial reserve is held to cover the risk associated with this liability. The following table sets out the contractual maturity analysis exposure of the Company's financial assets and liabilities (based on contractual cash flows):

31 December 2024	No					Unit-linked funds	Total
	Up to 1 year	1 – 5 years	Over 5 years	contractual maturity			
	HK\$	HK\$	HK\$	HK\$			
<b>Financial Assets:</b>							
Assets held to cover linked liabilities	-	-	-	-	3,471,947,484		3,471,947,484
Other receivables	-	-	-	28,304,586	-		28,304,586
Cash and cash equivalents	137,812,978	-	-	-	-		137,812,978
<b>Total financial assets</b>	<b>137,812,978</b>	<b>-</b>	<b>-</b>	<b>28,304,586</b>	<b>3,471,947,484</b>		<b>3,638,065,048</b>
<b>Financial Liabilities:</b>							
Investment contract liabilities	-	-	-	-	3,471,947,484		3,471,947,484
Payables	5,619,091	893,332	-	11,648,004	-		18,160,427
<b>Total financial liabilities</b>	<b>5,619,091</b>	<b>893,332</b>	<b>-</b>	<b>11,648,004</b>	<b>3,471,947,484</b>		<b>3,490,107,911</b>
31 December 2023	No					Unit-linked funds	Total
	Up to 1 year	1 – 5 years	Over 5 years	contractual maturity			
	HK\$	HK\$	HK\$	HK\$			
<b>Financial Assets:</b>							
Assets held to cover linked liabilities	-	-	-	-	3,012,628,483		3,012,628,483
Receivables (incl. deferred tax asset)	-	-	-	17,528,292	-		17,528,292
Cash and cash equivalents	131,353,966	-	-	-	-		131,353,966
<b>Total financial assets</b>	<b>131,353,966</b>	<b>-</b>	<b>-</b>	<b>17,528,292</b>	<b>3,012,628,483</b>		<b>3,161,510,741</b>
<b>Financial Liabilities:</b>							
Investment contract liabilities	-	-	-	-	3,012,628,021		3,012,628,021
Payables	2,800,902	104,478	-	3,130,133	-		6,035,513
<b>Total financial liabilities</b>	<b>2,800,902</b>	<b>104,478</b>	<b>-</b>	<b>3,130,133</b>	<b>3,012,628,021</b>		<b>3,018,663,534</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### 9.6. Interest Rate Risk

The Company has no significant exposure to interest rate risk as the majority of the Company's financial assets and financial liabilities that are not linked to the investment contracts are non-interest bearing.

#### 9.7. Currency Risk

The Company's exposure to currency risk is limited as policyholders carry any currency risks associated with the investment-linked funds.

The Company has foreign currency exposures, arising from the items listed below and distribution and administrative expenses, denominated in currencies other than the Company's functional currency. The Company's exposure to foreign currency risk primarily arises from certain financial assets and liabilities which are primarily denominated in pounds sterling ("GBP").

The Company did not enter into foreign currency forward contracts to manage the Company's exposure to movements in foreign currency exchange rates on specific transactions, however management monitors the foreign currency risk specifically on larger transactions.

The Company's exposure to foreign currency risk for both monetary and non-monetary assets and liabilities are summarised as follows:

	<b>31 December 2024</b>	31 December 2023
<b>HK\$-equivalent</b>	<b>HK\$</b>	HK\$
<b>Assets</b>		
Assets held to cover linked liabilities	3,471,947,484	3,012,628,483
Other receivables	28,304,586	5,677,203
Cash and cash equivalents	63,937,718	62,304,643
<b>Liabilities</b>		
Investment contracts	(3,471,947,484)	(3,027,212,929)
Payables in relation to unit liabilities	(8,109,356)	(2,042,334)
Accruals	(5,595,081)	(4,061,312)
Other payables	(10,051,071)	(3,993,179)
<b>Total (Net)</b>	<b>68,486,796</b>	<b>43,300,575</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### 9.7. Currency Risk (continued)

The table below summarises the impact on the Company's results and retained profits in response to a theoretical increase of the key exchange rate in relation to the exposures tabled on the previous page. The analysis is based on the assumption that the exchange rate had increased by the respective percentage with all other variables held constant:

	31 December 2024		31 December 2023	
	Change in foreign exchange rate	Effect on profit for the year HK\$	Change in foreign exchange rate	Effect on loss for the year HK\$
GBP	+5%	3,424,340	+5%	2,165,029

#### 9.8. Market Risk

The majority of the Company's business is unit-linked and the direct associated market risk is, therefore, borne by policyholders. Financial assets and liabilities held outside unit trusts consist of cash and cash equivalents, non-unit linked liabilities, and other assets and liabilities. Cash held at bank is valued at par and is unaffected by movements in interest rates. Non-unit linked liabilities are positively correlated with market movements. Other assets and liabilities are generally unaffected by market movements.

As a result of these combined factors, the Company's financial assets and liabilities held outside unit trusts are not subject to material market risk, and market movements at the Statement of Financial Position date have an immaterial impact on the Company's Statement of Profit or Loss and Other Comprehensive Income and its equity. Future income earned through annual management charges may be affected by market movements.

#### 9.9. Going Concern

The Company has generated positive cashflows from its business activities for the 2024 period and is expected to continue to generate positive cash flows in the future. The Company's ultimate parent company, St. James's Place plc, has committed to provide financial support to the Company if required.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 10. INVESTMENT RETURN

	<b>Year ended 31 December 2024</b>	Year ended 31 December 2023
	<b>HK\$</b>	HK\$
Net investment return on financial instruments classified as fair value through Profit or Loss	288,076,849	201,951,787
Net investment return on financial instruments held at amortised cost	3,054,965	2,601,444
<b>Total investment return</b>	<b>291,131,814</b>	<b>204,553,231</b>

### 11. MOVEMENT IN INVESTMENT CONTRACT BENEFITS

	<b>Year ended 31 December 2024</b>	Year ended 31 December 2023
	<b>HK\$</b>	HK\$
Change in investment contract benefits	(268,935,638)	(196,353,819)
<b>Total movement</b>	<b>(268,935,638)</b>	<b>(196,353,819)</b>

Change in investment contract benefits in the Statement of Profit or Loss and Other Comprehensive Income relates primarily to investment return attributable to investment contracts and movement in non-linked provisions. Other items, including premiums, claims and withdrawals are not included in the Statement of Profit or Loss and Other Comprehensive Income but are reported as deposits to investment contract liabilities in the Statement of Financial Position.

The movement in Investment contracts liabilities on the Statement of Financial Position can be explained as:

	<b>Year ended 31 December 2024</b>	Year ended 31 December 2023
	<b>HK\$</b>	HK\$
<b>Investment Contracts</b>		
As at 1 January	3,027,212,929	2,383,352,003
Premiums from investment contracts	569,892,993	496,467,938
Claims and withdrawals from investment contracts	(273,454,931)	(158,364,761)
Investment return attributable to investment contracts	288,076,849	201,951,787
Investment expenses attributable to investment contracts	(75,819)	(394,179)
Foreign exchange	(79,869,122)	149,537,553
Fees from investment contracts	(45,250,989)	(39,584,652)
Decrease in non-linked provisions	(14,584,426)	(5,752,760)
<b>Total movement</b>	<b>444,734,555</b>	<b>643,860,926</b>
<b>As at 31 December</b>	<b>3,471,947,484</b>	<b>3,027,212,929</b>

Movement in non-linked provisions in 2024 relates to reversal of provisions recognised under the previous solvency regime, following transition to the Risk Based Capital regime on 1st July 2024.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****12. DISTRIBUTION AND ADMINISTRATIVE EXPENSES**

Profit before income taxation is arrived at after charging / (crediting):

	<b>Year ended 31 December 2024</b>	Year ended 31 December 2023
	<b>HK\$</b>	HK\$
Deferred origination costs	(13,668,893)	(12,211,819)
Auditors' remuneration	877,428	762,281
Foreign exchange losses/(gains)	4,914,498	(6,335,226)
Commission expenses	28,938,879	24,205,476
Legal, professional & regulatory expenses	2,644,145	5,564,784
Policyholder administration expenses	5,028,918	4,163,308
Distribution expenses	7,623,237	6,580,287
Staff costs	5,112,484	5,885,010
Other administrative expenses	6,071,351	3,584,902
<b>Total</b>	<b>47,542,047</b>	<b>32,199,003</b>

**13. BENEFITS AND INTERESTS OF DIRECTORS**

The following disclosures are made pursuant to section 383 of the Companies Ordinance (Cap. 622), the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G).

During the year, total Director emoluments in respect of services to the Company were as follows:

	<b>Year ended 31 December 2024</b>	Year ended 31 December 2023
	<b>HK\$</b>	HK\$
Salary	-	-
Other emoluments	272,673	313,703
Other benefits	-	-
<b>Total</b>	<b>272,673</b>	<b>313,703</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 14. INCOME TAX

No provision for Hong Kong profits tax has been made in the financial statements as the Company does not derive any estimated assessable profits for the year.

	<b>Year ended 31 December 2024</b>	Year ended 31 December 2023
	<b>HK\$</b>	HK\$
Current tax:		
- Tax on profit/(loss) for the current year	-	-
Deferred tax	(44,583,012)	11,851,089
<b>Income tax (charge)/credit</b>	<b>(44,583,012)</b>	<b>11,851,089</b>

The reconciliation between the income tax expense and the accounting profit at the applicable tax rate is as follows:

	<b>Year ended 31 December 2024</b>	Year ended 31 December 2023
	<b>HK\$</b>	HK\$
Profit before taxation	43,437,491	28,854,087
Tax at the statutory rate of 16.5% (2023 – 16.5%)	(7,167,186)	(4,760,924)
Adjustment due to the adoption of adjusted surplus method	(37,450,420)	2,749,502
Income not subject to tax	17,695	19,598
Temporary differences not recognised	16,899	13,742,913
<b>Income tax</b>	<b>(44,583,012)</b>	<b>11,851,089</b>

The Company has unutilised cumulative tax losses arising in Hong Kong of HK\$24,881,085 (2023 – HK\$71,825,080) that are available for offsetting against its future taxable profits. A deferred tax asset has been recognised in respect of the cumulative tax losses as it is probable that future taxable profits will allow the deferred tax asset to be fully recovered. A deferred tax liability has been recognised in respect of the transition adjustment arising on RBC implementation, which resulted in an increase in tax assessable profits. The Company has elected to avail of the 5 year spreading relief allowed under Section 23(AAAB) to 23(AAAE) of the Inland Revenue Ordinance.

#### Deferred Tax Balances

	<b>Unutilised losses</b>	<b>RBC transition adjustment</b>	<b>Total asset/(liability)</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Balance as at 31 December 2023	11,851,089	-	11,851,089
Recognised in year	-	(46,047,077)	(46,047,077)
Utilised in year	(7,745,350)	9,209,415	1,464,065
Total (Charge)/Credit	(7,745,350)	9,209,415	1,464,065
Balance as at 31 December 2024	4,105,739	(36,837,662)	(32,731,923)

**NOTES TO THE FINANCIAL STATEMENTS (continued)****14. INCOME TAX (continued)****BEPS 2.0 Pillar II: Global minimum tax**

Effective from 1 January 2024, the SJP Group is subject to the Global minimum tax rules introduced by the Organisation for Economic Co-operation and Development (OECD) and adopted into local legislation of various territories in which the Group operates; including Hong Kong. The new rules introduce a global minimum effective tax rate of 15% for in-scope businesses. As the Company's existing effective tax rate of 16.5% exceeds this, there is no impact to the Company.

**15. PROPERTY & EQUIPMENT**

	<b>Fixtures and Fittings</b>	<b>Leased Assets</b>	<b>Total</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
<b>Cost</b>			
As at 1 January 2024	154,060	4,448,103	4,602,163
Disposals	-	(4,448,103)	(4,448,103)
Additions	-	3,187,341	3,187,341
<b>As at 31 December 2024</b>	<b>154,060</b>	<b>3,187,341</b>	<b>3,341,401</b>
<b>Accumulated depreciation</b>			
As at 1 January 2024	154,060	4,324,545	4,478,605
Disposals	-	(4,448,103)	(4,448,103)
Charge for the year	-	1,097,468	1,097,468
<b>As at 31 December 2024</b>	<b>154,060</b>	<b>973,910</b>	<b>1,127,970</b>
<b>Net Book Value</b>			
As at 31 December 2023	-	123,558	123,558
<b>As at 31 December 2024</b>	<b>-</b>	<b>2,213,431</b>	<b>2,213,431</b>
<b>In respect of prior year:</b>			
	<b>Fixtures and Fittings</b>	<b>Leased Assets</b>	<b>Total</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
<b>Cost</b>			
As at 1 January 2023	154,060	4,448,103	4,602,163
<b>As at 31 December 2023</b>	<b>154,060</b>	<b>4,448,103</b>	<b>4,602,163</b>
<b>Accumulated depreciation</b>			
As at 1 January 2023	154,060	2,841,844	2,995,904
Charge for the year	-	1,482,701	1,482,701
<b>As at 31 December 2023</b>	<b>154,060</b>	<b>4,324,545</b>	<b>4,478,605</b>
<b>Net Book Value</b>			
As at 31 December 2021	-	1,606,259	1,606,259
<b>As at 31 December 2023</b>	<b>-</b>	<b>123,558</b>	<b>123,558</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****15. PROPERTY & EQUIPMENT (continued)**

Leased assets relate only to properties. Leases are negotiated on an individual basis and hence contain a variety of different terms and conditions. They contain covenants and restrictions but generally these are standard and to be expected in a modern, commercial lease created under open-market terms. Typical covenants include paying the annual rent, insurance premiums, service charge, rates and keeping the property in good repair and condition throughout the lease. Typical restrictions include permitting office use only and not transferring or assigning the lease to a third party without the lessor's consent. There are no residual value guarantees.

As at 31 December 2024, the Company was committed to the lease of an office property, which commenced on 1 February 2024 with a 3-year lease term and annual rent payments of HK\$0.8m. As at 31 December 2024, the Company recognised a right-of-use asset of HK\$2.2m (2023: HK\$0.1m) and a lease liability of HK\$1.7m (2023: HK\$0.1m).

**16. DEFERRED ORIGATION COSTS – INVESTMENT BUSINESS**

	<b>31 December 2024</b>	31 December 2023
	<b>HK\$</b>	HK\$
Opening deferred origination costs	98,569,055	81,299,354
Additions in period	22,710,934	19,802,307
Amortisation in period	(9,042,040)	(7,590,487)
Foreign exchange movement in period	(2,330,324)	5,057,881
<b>Closing deferred origination costs</b>	<b>109,907,625</b>	<b>98,569,055</b>
Current	8,824,308	7,510,633
Non-current	101,083,317	91,058,422
<b>Total</b>	<b>109,907,625</b>	<b>98,569,055</b>

**17. ASSETS HELD TO COVER LINKED LIABILITIES**

	<b>31 December 2024</b>	31 December 2023
	<b>HK\$</b>	HK\$
<b>Fair Value</b>		
Holdings in Collective Investment Schemes	3,443,053,511	2,971,386,572
<b>Loans and Receivables</b>		
Deposits	29,955,087	46,878,818
Other payables	(1,061,114)	(5,636,907)
	28,893,973	41,241,911
<b>Total</b>	<b>3,471,947,484</b>	<b>3,012,628,483</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 18. OTHER RECEIVABLES

	<b>Note</b>	<b>31 December 2024 HK\$</b>	31 December 2023 HK\$
Amounts due from related companies	21	12,293,811	3,265,346
Other receivables		16,010,775	2,411,857
<b>Total</b>		<b>28,304,586</b>	<b>5,677,203</b>

All balances within other receivables are current.

### 19. OTHER PAYABLES

	<b>Note</b>	<b>31 December 2024 HK\$</b>	31 December 2023 HK\$
<b>Amounts falling due within one year:</b>			
Amounts due to related companies	21	4,841,464	2,800,902
Lease liabilities		777,627	104,478
Others		3,538,648	1,087,799
<b>Total</b>		<b>9,157,739</b>	<b>3,993,179</b>
<b>Amounts falling due after more than one year:</b>			
Lease liabilities		893,332	-
<b>Total other payables</b>		<b>10,051,071</b>	<b>3,993,179</b>

Lease liabilities represent the present value of future cash flows associated with the Company's portfolio of property leases. Details of movement in lease liabilities are presented in note 23 of the financial statements notes.

### 20. SHARE CAPITAL

	<b>31 December 2024</b>		31 December 2023	
	<b>Number of Shares</b>	<b>HK\$</b>	Number of Shares	HK\$
As at 1 January	200,000,000	200,000,000	200,000,000	200,000,000
<b>As at 31 December</b>	<b>200,000,000</b>	<b>200,000,000</b>	<b>200,000,000</b>	<b>200,000,000</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 21. TRANSACTIONS WITH RELATED PARTIES

The Company's related parties include the key management personnel and companies within the St. James's Place Group.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, which is determined to be the Directors of the Company and members of the St. James's Place plc Group Executive Committee. There were no direct transactions with key management personnel during the year, besides those disclosed in note 13.

St. James's Place Unit Trust Group Limited ("SJPUTG"), a fellow subsidiary within the St. James's Place plc Group, incurs expenses on behalf of the Company, and recharges them. During the year, expenses of HK\$466,178 (2023: HK\$312,410) were recharged to the Company. It also reimburses the Company for AMC's deducted within the SJP unit trusts, as well as expenses incurred by the Company on behalf of SJPUTG. During the year, HK\$23,602,213 (2023: HK\$13,344,632) was rebated to the Company in respect of AMC's and expenses.

St. James's Place (Hong Kong) Limited, a fellow subsidiary within the St. James's Place plc Group, is the Company's sole distribution channel, and also incurs staff and other overhead expenses on behalf of the Company and recharges them. During the year, distribution and commission expenses of HK\$34,951,851 (2023: HK\$30,619,342) and staff and other expenses of HK\$5,444,338 (2023: HK\$6,566,313) were paid to St. James's Place (Hong Kong) Limited. Much of the distribution and commission expense payment process is facilitated by, and passed through, St. James's Place Wealth Management Limited, another fellow subsidiary within the St. James's Place plc Group.

St. James's Place Management Services, a fellow subsidiary within the St. James's Place plc Group, incurs staff and other overhead expenses on behalf of the Company, and recharges them. During the year, staff expenses and other expenses of HK\$1,905,764 (2023: HK\$1,562,157) were recharged to the Company.

All other payable balances noted in the related party balances tables below relate to settlement of third-party supplier expenses and staff cost recharges that were incurred in the normal course of business.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****21. TRANSACTIONS WITH RELATED PARTIES (continued)**

The amounts outstanding as owed from related companies as at 31 December are as follows:

	<b>31 December 2024</b>	31 December 2023
	<b>HK\$</b>	HK\$
<b>Amounts due from related companies, net of provisions</b>		
St. James's Place Unit Trust Group Limited	11,378,630	3,265,346
St. James's Place International plc	915,181	-
<b>Total</b>	<b>12,293,811</b>	<b>3,265,346</b>

The amounts outstanding as owed to related companies as at 31 December are as follows:

	<b>31 December 2024</b>	31 December 2023
	<b>HK\$</b>	HK\$
<b>Amounts due to related companies</b>		
St. James's Place (Hong Kong) Limited	1,439,700	897,654
St. James's Place Management Services Limited	124,871	100,143
St. James's Place (Singapore) Private Limited	6,491	6,713
St. James's Place International plc	-	33,151
St. James's Place Wealth Management plc	3,270,402	1,763,241
<b>Total</b>	<b>4,841,464</b>	<b>2,800,902</b>

*These amounts are unsecured, interest-free and repayable on demand.*

**22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent company is St. James's Place UK plc, a company registered in England and Wales.

The ultimate parent company is St. James's Place plc, a company registered in England and Wales. It is also the parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the Company is a member.

Copies of the consolidated financial statements of St. James's Place plc may be obtained from the Company Secretary at St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP, United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The changes in the Company's liabilities arising from financing activities are summarised in the table below. All liabilities arising from financing activities relate to lease liabilities in respect of the Company's office lease.

	<b>Lease liabilities</b>	
	<b>Year ended 31 December 2024</b>	Year ended 31 December 2023
	<b>HK\$</b>	HK\$
As at 1 January	104,478	1,352,070
Cash-flows:		
- Capital element of lease rentals paid	(881,820)	(1,253,724)
- Interest element of lease rentals paid	101,973	6,132
Non-cash:		
- Entering into new leases	2,346,328	-
<b>As at 31 December</b>	<b>1,670,959</b>	<b>104,478</b>

**24. EVENTS AFTER THE REPORTING PERIOD**

There were no events affecting the Company after the reporting period which require adjustment to or disclosure in the financial statements.

**25. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the board of directors on 24<sup>th</sup> April 2025.