

DATED THE 13TH DAY OF MARCH 2026

BETWEEN

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.

AND

AUTO & GENERAL INSURANCE (SINGAPORE) PTE. LIMITED

SCHEME FOR THE TRANSFER OF INSURANCE BUSINESS
UNDER SECTION 117 OF THE INSURANCE ACT 1966

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SCHEME FOR THE TRANSFER OF INSURANCE BUSINESS UNDER SECTION 117 OF THE INSURANCE ACT 1966 BETWEEN DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD. AND AUTO & GENERAL INSURANCE (SINGAPORE) PTE. LIMITED (EACH A “PARTY” AND COLLECTIVELY, THE “PARTIES”)

1. PRELIMINARY

1.1 Definitions

- (a) In this Scheme of Transfer, unless there is something in the subject or context inconsistent therewith the following expressions bear the following meanings, namely:

AGIS means Auto & General Insurance (Singapore) Pte. Limited, a private company limited by shares incorporated in Singapore with company registration number 201626103G, whose registered address is at 16 Raffles Quay, #29-01, Hong Leong Building, Singapore 048581;

Audit Agreement means the audit engagement letter dated 17 November 2025 issued by KPMG LLP to DAIS and accepted by DAIS, and all rights and obligations of DAIS under such engagement letter;

Cash/Assets for Continuing Expenses means an amount of cash and other assets as set out in Schedule 1, which have been or shall be agreed between DAIS and AGIS to be retained for limited expenses of AGIS after the Scheme of Transfer is effected, including expenses to be incurred in the winding up of DAIS, and fees and other related expenses incurred pursuant to the Audit Agreement, Corporate Secretarial Services Agreement and Tax Agreement;

Corporate Secretarial Services Agreement means the corporate secretarial services engagement letter dated 9 October 2025 issued by Rajah & Tann Singapore LLP to DAIS and accepted by DAIS, and all rights and obligations of DAIS under such engagement letter;

DAIS means Direct Asia Insurance (Singapore) Pte. Ltd., a private company limited by shares incorporated in Singapore with company registration number 200822611G, whose registered address is 16 Raffles Quay, #39-01, Hong Leong Building, Singapore 048581;

Effective Date means 1 June 2026 at 0001 hours (Singapore time) or such other date and at such other time as AGIS and DAIS may agree in writing and the High Court may allow;

Excluded Undertakings means the Cash/Assets for Continuing Expenses and the other items specified in Schedule 1, which have been or shall be agreed between DAIS and AGIS to be retained for the maintenance of limited continuing functions not required for the Transferring Business;

Insurance Act means the Insurance Act 1966 of Singapore;

High Court means the High Court of the Republic of Singapore;

Insurance Policies means all contracts of insurance of any description written directly

or through an agent issued or assumed by or novated to DAIS, whether expired, current or capable of renewal, as at the Effective Date, and any endorsements, extensions or amendments thereto;

MAS means Monetary Authority of Singapore;

Records means the electronic and paper files and other data and records relating to the Insurance Policies and all the data therein, which are in the possession of DAIS as at the Effective Date;

Scheme of Transfer means this scheme for the transfer of the Transferring Business from DAIS to AGIS (or if modified or amended in accordance with Clause 6 below, this Scheme of Transfer as from time to time so amended or modified);

Tax Agreement means the tax services engagement letter dated 18 August 2023 issued by Deloitte Tax Solutions Pte. Ltd to, inter alia, DAIS and accepted by DAIS, and all rights and obligations of DAIS under such engagement letter;

Transfer means the transfer of the Transferring Business and in accordance with the terms agreed in writing between the Parties;

Transferred Items means all assets, rights, benefits, obligations and liabilities of DAIS, but excluding the Excluded Undertakings;

Transferring Business means the entire business, goodwill, assets, liabilities (whether known or contingent), duties, rights and obligations of DAIS comprising DAIS' insurance business as at the Effective Date, including without limitation:

- (i) all Insurance Policies;
- (ii) all policy liabilities in connection with the Insurance Policies;
- (iii) all insurance and non-insurance receivable and payable balances in connection with the Insurance Policies;
- (iv) all cash balances and other assets to support the policy liabilities and reserves transferred in connection with the Insurance Policies;
- (v) all reinsurance contracts and treaties relating to Insurance Policies entered into by DAIS;
- (vi) all renewal rights of the Insurance Policies;
- (vii) the entire investment portfolio, including without limitation fixed/time deposits, any equity shares, fixed income bonds, preference shares and other securities held by DAIS;
- (viii) all agreements with insurance intermediaries and referral parties relating to the Insurance Policies;
- (ix) all agreements and accounts with asset managers, fund managers, banks, credit card providers and custodian banks relating to the Insurance Policies entered into or opened by DAIS;
- (x) all rights to accept applications for insurance cover made to DAIS and to rely

on the representations and warranties in such applications;

- (xi) all other contracts and agreements entered into by DAIS in respect of the Transferring Business;
- (xii) all fixed assets including office furniture and equipment, computers, and leasehold improvements owned by DAIS, if any;
- (xiii) all data, files and records in every case of or belonging to and in the possession of DAIS as of the Effective Date, including such data, files and records as may be required for compliance with the Goods and Services Tax Act; and
- (xiv) all intellectual property rights, if any,

and excluding the Excluded Undertakings.

1.2 Interpretation

- (a) Any reference to a statutory provision shall include such provision and any regulations made in pursuance thereof as from time to time modified or re-enacted, whether before or after the date of this Scheme of Transfer.
- (b) Words in the singular include the plural and vice versa. Words importing the masculine gender include the feminine and neuter and vice versa. References to persons include bodies corporate, unincorporated associations, partnerships or an authority.
- (c) Headings and the use of any underlining in this Scheme of Transfer are for convenience only and shall not affect the interpretation of this Scheme of Transfer.
- (d) References to "including" or "include" shall mean references to "including without limitation" and "includes but not being limited to".

1.3 Reasons for Scheme of Transfer

- (a) The object of this Scheme of Transfer is to consolidate the insurance businesses of AGIS and DAIS into a single underwriting entity, to be effected by the transfer of the Transferring Business, from DAIS to AGIS with effect from the Effective Date, subject to confirmation by the High Court. For avoidance of doubt, it is intended that the transfer of the Transferring Business will exclude the transfer of the Excluded Undertakings.
- (b) Both DAIS, the transferor in this Scheme of Transfer, and AGIS, the transferee in this Scheme of Transfer, are companies incorporated in Singapore licensed with the MAS as direct insurers to carry on general insurance business in Singapore under the provisions of the Insurance Act. DAIS and AGIS are both subsidiaries of Auto & General (SEA) Holdings Pte. Limited.
- (c) It is intended that an application shall be made pursuant to Section 117 of the Insurance Act for an order of the High Court that the Transferring Business be transferred to and vested in AGIS by virtue of this Scheme of Transfer without further act or other assurance and be dealt with in accordance with this Scheme of Transfer from the Effective Date.

2. THE SCHEME OF TRANSFER

2.1 **Transfer of Business**

- (a) DAIS shall transfer to AGIS the Transferring Business, and AGIS shall acquire the Transferring Business, and the same shall be transferred to and vested in AGIS with effect from the Effective Date.
- (b) The Scheme and Transfer are based on the audited financial statements of DAIS as at 31 December 2024, being the latest available audited financial statements of DAIS, attached hereto as Schedule 2, subject to adjustment for changes in value of the assets and liabilities occurring during the period from 31 December 2024 to the Effective Date.

2.2 **Consideration for Transfer**

The aggregate consideration for the transfer of the Transferring Business shall be a nominal amount of S\$1, to be paid in cash by AGIS to DAIS on or before the Effective Date.

2.3 **Conditions**

The Transfer is conditional on the following conditions being satisfied on or before the Effective Date (or such later date as the Parties may agree in writing):

- (a) The MAS having given its approval in writing (the "**MAS Approval**") for this Scheme of Transfer and any conditions attaching to the MAS Approval having been satisfied; and
- (b) The High Court having confirmed the Scheme of Transfer (the "**Singapore Court Order**") and any conditions forming part of the Singapore Court Order and any ancillary order made by the High Court having been satisfied.

3. EFFECT OF THE SCHEME

3.1 Without prejudice to or limiting the generality of Clause 2.1:

(a) General

Pursuant to this Scheme of Transfer, on the Effective Date, AGIS shall acquire the Transferred Items and all legal and beneficial ownership and risk in the Transferred Items shall be transferred to and shall vest in AGIS.

(b) Insurance Policies

(i) Pursuant to this Scheme of Transfer, on the Effective Date:

- (A) All the Insurance Policies, will vest without further act or other assurance, in AGIS so as to constitute AGIS as the insurer of the Insurance Policies in place of DAIS;
- (B) All the duties, liabilities (whether accrued, contingent or otherwise) and obligations of DAIS subsisting on the Effective Date pertaining to or in connection with the Insurance Policies, including all duties, liabilities and obligations of DAIS under all Insurance Policies in force as at the Effective Date shall be assumed by AGIS; and

- (C) All references in an Insurance Policy proposal or application for an Insurance Policy, trust deed or any other document evidencing or relating to an Insurance Policy to DAIS will have effect and be construed as a reference to AGIS.
- (c) Holders of Insurance Policies

Pursuant to this Scheme of Transfer, every holder of an Insurance Policy shall on and from the Effective Date become entitled in substitution for any right or rights available to him under such policy against DAIS to the same right or rights against AGIS and (as regards policies under which premiums continue to be payable) shall account to AGIS for any further premiums as and when they become due.
- (d) Proceedings Pending By or Against DAIS
 - (i) If on the Effective Date, any proceedings shall be pending by or against DAIS in any court in connection with the Transferring Business to be transferred to AGIS under this Scheme of Transfer, the same shall be continued by or against AGIS, and any judgment entered after the Effective Date for or against DAIS in any such proceedings shall have effect between DAIS and AGIS as if such judgment had been entered for or against AGIS.
 - (ii) On and from the Effective Date, AGIS shall, to the extent provided for under the applicable laws, be fully subrogated to all defences, set-offs, claims and counterclaims to which DAIS would otherwise have been entitled to against any party arising out of or in connection with the Transferring Business in the absence of the transfer of such Insurance Policy pursuant to this Scheme of Transfer.
- (e) Reinsurance Agreements
 - (i) As of the Effective Date, the rights and obligations of DAIS in respect of each of the reinsurance agreements or treaties relating to the Insurance Policies entered into by DAIS (the "**Reinsurance Agreements**") will be transferred, novated or assigned over to AGIS, without further act or other assurance, to the extent that (A) such rights and obligations can be transferred, novated or assigned without the consent of the relevant reinsurer; or (B) where such consent is required, the consent of the relevant reinsurer has been obtained prior to the Effective Date for the transfer, novation or assignment of such rights and obligations; or (C) where such consent is required but has not been obtained in respect of any such rights and obligations, the High Court has approved the transfer of the said rights and obligations without further act or assurance.
- (f) Other Agreements

As of the Effective Date, the rights and obligations of DAIS in respect of any contracts comprising part of the Transferring Business will be transferred to AGIS pursuant to this Scheme of Transfer, without further act or other assurance, to the extent that such rights and obligations can be transferred without the consent of the relevant counterparty or that the consent of the relevant counterparty has been obtained prior to or on the Effective Date for the novation of such rights and liabilities.

(g) Personal Data

As of the Effective Date, the personal data and the rights and obligations of DAIS in respect of the personal data comprised in the Transferring Business (including any consents obtained by DAIS in relation to the collection, use and disclosure of such personal data) will be transferred to AGIS pursuant to this Scheme of Transfer without the need to have obtained the prior express consent of the relevant persons whose personal data is transferred.

(h) Further Acts or Assurances

Without prejudice to the effect of this Scheme of Transfer and the Transfer, to the extent that the Scheme of Transfer and the Singapore Court Order are not effective in transferring and vesting any of the Transferring Business under this Scheme of Transfer to AGIS without further or other acts or assurance:

- (i) The Parties shall do and execute and deliver or procure to be done and executed and delivered all such further acts, deeds, documents, instruments of conveyance, assignment, novation and transfer and all things as may be necessary to give effect to the Scheme of Transfer, to place the Transferring Business in the hands of AGIS and as AGIS may request, in order to effectively convey, assign, transfer, vest and/or record title to each of the Transferred Items in AGIS.
- (ii) Pending doing of such acts, deeds, documents and things, DAIS shall as from the Effective Date:
 - (A) hold the legal estate in the Transferred Items in trust for AGIS to the extent that it shall not have transferred to AGIS, and shall pay to AGIS promptly upon its receipt of any sums by it under any such affected Transferred Items; and
 - (B) hold or assume any liabilities in each of the affected Transferred Items for and on behalf of and for the account of AGIS.
- (iii) AGIS shall from the Effective Date (at its own costs) assist DAIS to perform the obligations of DAIS or discharge such liability of DAIS under such affected Transferred Items and failing that, indemnify DAIS against all liability and any reasonable costs or expense incurred by DAIS that is directly attributable to such affected Transferred Items; and
- (iv) DAIS shall in any event be subject to AGIS' directions in respect of any affected Transferred Items referred to in paragraphs 3.1(h)(i) and (ii) until the affected Transferred Items is transferred to AGIS, and AGIS shall have authority to act as attorney of DAIS in respect of such affected Transferred Items for all such purposes.

4. UNDERTAKINGS

4.1 Undertakings by DAIS

DAIS undertakes that:

- (a) it will carry on the Transferring Business in the ordinary course and in the usual manner and will maintain the same as a going concern up to the Effective Date;
- (b) it shall lodge or procure the lodgement of this Scheme of Transfer with the Registrar of Companies on such date as may be agreed to in writing by each of DAIS and AGIS and subject to the requirements of the Insurance Act; and
- (c) it will take the necessary steps to request the MAS to cancel its insurance licence in Singapore within 90 days after the Effective Date, or such other period as DAIS and AGIS may agree.

4.2 Undertakings by AGIS

AGIS undertakes that:

- (a) it will maintain its insurance licence; and
- (b) it shall lodge or procure the lodgement of this Scheme of Transfer with the Registrar of Companies on such date as may be agreed to in writing by each of DAIS and AGIS and subject to the requirements of the Insurance Act.

5. COSTS AND EXPENSES

5.1 Costs and Expenses of Scheme

Except where otherwise agreed in writing between the Parties, each Party shall pay its own costs (including legal costs) and expenses of and incidental to the preparation and carrying into effect of this Scheme of Transfer.

5.2 Reimbursement to the MAS

DAIS and AGIS shall be jointly and severally liable to reimburse to the MAS under Section 118 of the Insurance Act any expenses incurred by them in connection with this Scheme of Transfer and such liability shall be borne equally as between DAIS and AGIS.

6. MODIFICATION OF THE SCHEME

DAIS and AGIS may jointly consent in writing on behalf of all persons concerned to any modification of or amendment to this Scheme of Transfer or to any condition affecting the same which the High Court or the MAS may think fit to approve or impose.

7. RIGHTS OF THIRD PARTIES

Save for holders of the Insurance Policies, a person who is not a Party shall not have any right under the Contracts (Rights of Third Parties) Act 2001 to enforce any provision of this Scheme of Transfer.

8. **GOVERNING LAW AND JURISDICTION**

This Scheme of Transfer shall be governed by, and construed in accordance with, the laws of Singapore. Each Party irrevocably submits to the exclusive jurisdiction of the courts of Singapore over any claim, dispute or matter arising out of or in connection with this Scheme of Transfer or its enforceability or the legal relationships established by this Scheme of Transfer (including non-contractual disputes or claims) and waives any objection to proceedings being brought in such other courts on grounds of venue or on the grounds that proceedings have been brought in an inconvenient forum. Each Party further irrevocably agrees that a judgment in any proceedings brought in the courts of Singapore shall be conclusive and binding upon each of them and may be enforced in the courts of any other jurisdiction.

SCHEDULE 1

EXCLUDED UNDERTAKINGS

Cash/Assets For Continuing Expenses

1. A cash amount agreed in writing between DAIS and AGIS to be retained to for limited expenses
2. Accrued income in respect of DAIS' fixed deposits
3. Such other items as may be agreed in writing between DAIS and AGIS to be retained to meet the limited expenses of DAIS, and which have not directly arisen from and are not directly connected with the insurance business of DAIS

Other Excluded Undertakings

4. Audit Agreement
5. Corporate Secretarial Services Agreement
6. Tax Agreement
7. GST input and output tax
8. Amounts payable to the Inland Revenue Authority of Singapore and the Central Provident Fund Board
9. Non-insurance accrued fees and charges
10. Intercompany service fees and charges
11. Directors' fees payable
12. Fees payable in relation to the Scheme
13. Dissolution costs and fees in relation to the future dissolution of DAIS
14. Such other assets, rights, benefits, obligations and liabilities of DAIS as may be agreed in writing between DAIS and AGIS to be retained, and which have not directly arisen from and are not directly connected with the insurance business of DAIS

SCHEDULE 2

**DIRECT ASIA INSURANCE (SINGAPORE)
PTE. LTD.**

(Incorporated in Singapore. Registration Number: 200822611G)

ANNUAL REPORT

For the financial year ended 31 December 2024

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.
(Incorporated in Singapore. Registration Number: 200822611G)

ANNUAL REPORT
For the financial year ended 31 December 2024

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DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**DIRECTORS' STATEMENT***For the financial year ended 31 December 2024*

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 December 2024.

In the opinion of the directors,

- (a) the financial statements as set out on pages 6 to 76 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Bronislaw Edmund Masojada
Michael John Goodwin
Paul David Cooper (Appointed 4 April 2025)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At <u>31.12.2024</u>	At 1.1.2024 or date of appointment, <u>if</u> <u>later</u>	At <u>31.12.2024</u>	At 1.1.2024 or date of appointment , <u>if later</u>
Ultimate Holding Corporation - Hiscox Ltd.				
(No. of ordinary shares)				
Bronislaw Edmund Masojada	636,494	636,494	2,290,809	2,290,809
Sirinthip Chotithamaporn (resigned 4 April 2025)	-	20,351	-	-
Michael John Goodwin	12,678	12,678	-	-
Paul David Cooper (appointed 4 April 2025)	114,395	126,166	-	-

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.


No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

DocuSigned by:

1A2AE37E92EF4FC...
Michael John Goodwin
Director

Signed by:

7BD002D16D0D47A...
Paul David Cooper
Director

30 April 2025

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**

For the financial year ended 31 December 2024

Report on the Audit of the Financial Statements:

Our Opinion

In our opinion, the accompanying financial statements of Direct Asia Insurance (Singapore) Pte. Ltd. (the "Company") are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of comprehensive income for the year ended 31 December 2024;
- the balance sheet as at 31 December 2024;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**

For the financial year ended 31 December 2024

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement 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 Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include 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. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**

For the financial year ended 31 December 2024

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism 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 management.
- Conclude on the appropriateness of management's 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants Singapore
30 April 2025

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**STATEMENT OF COMPREHENSIVE INCOME***For the financial year ended 31 December 2024*

	Notes	2024 \$	2023 \$
Revenue			
Insurance revenue	18	58,659,266	51,201,679
Insurance service expense	18	(60,088,501)	(50,752,924)
Insurance service result before reinsurance contracts held		(1,429,235)	448,755
Allocation of reinsurance premiums	18	(27,782,135)	(24,098,912)
Amounts recoverable from reinsurers for incurred claims	18	25,532,531	19,569,601
Net expense from reinsurance contracts held		(2,249,604)	(4,529,311)
Insurance service result		(3,678,839)	(4,080,556)
Investment income	15	885,793	1,011,519
Other income		269,300	598,744
Total income		(2,523,746)	(2,470,293)
Insurance finance (expenses) / income for Insurance contracts issued	7	(673,139)	(556,164)
Reinsurance finance income / (expenses) for reinsurance contracts held	7	612,082	512,574
Net insurance financial result		(61,057)	(43,590)
Other operating expenses	17	(5,854,259)	(7,750,428)
Total operating expenses		(5,915,316)	(7,794,018)
Loss before income tax		(8,439,062)	(10,264,311)
Income tax expense	20	-	-
Net loss, representing total comprehensive loss for the financial year		(8,439,062)	(10,264,311)

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**BALANCE SHEET***As at 31 December 2024*

	Notes	2024	2023
ASSETS		\$	\$
Current assets			
Cash and cash equivalents	5	36,504,734	34,638,725
Other assets	6	119,345	94,839
Other receivables	6	59,441	320,019
Amount due from a fellow subsidiary company/holding company	13	678,790	-
Reinsurance contract assets	8	26,936,040	25,730,785
Total current assets		64,298,350	60,784,368
Non-current assets			
Property, plant and equipment	10	34,620	45,633
Reinsurance contract assets	8	10,210,515	10,539,670
Total non-current assets		10,245,135	10,585,303
Total assets		74,543,485	71,369,671
LIABILITIES			
Current liabilities			
Other payables and accruals	12	3,526,292	3,264,315
Lease liabilities		-	-
Amount due to a fellow subsidiary company	13	-	1,784,739
Insurance contracts liabilities	8	41,337,825	38,297,654
Total current liabilities		44,864,117	43,346,708
Non-current liabilities			
Insurance contracts liabilities	8	12,033,110	12,222,643
Total non-current liabilities		12,033,110	12,222,643
Total liabilities		56,897,227	55,569,351
EQUITY			
Share capital	14	98,101,401	87,816,401
Accumulated losses		(80,455,143)	(72,016,081)
Total equity		17,646,258	15,800,320
Total liabilities and equity		74,543,485	71,369,671

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**STATEMENT OF CHANGES IN EQUITY***For the financial year ended 31 December 2024*

	Note	<u>Share Capital</u> \$	<u>Accumulated Losses</u> \$	<u>Total Equity</u> \$
2023				
Beginning of financial year		84,000,001	(61,751,770)	22,248,231
Net loss and total comprehensive loss for the financial year 2023		-	(10,264,311)	(10,264,311)
Issue of ordinary shares	14	3,816,400	-	3,816,400
End of financial year 2023		<u>87,816,401</u>	<u>(72,016,081)</u>	<u>15,800,320</u>
2024				
Beginning of financial year		87,816,401	(72,016,081)	15,800,320
Net loss and total comprehensive loss for the financial year 2024		-	(8,439,062)	(8,439,062)
Issue of ordinary shares	14	10,285,000	-	10,285,000
End of financial year 2024		<u>98,101,401</u>	<u>(80,455,143)</u>	<u>17,646,258</u>

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**STATEMENT OF CASH FLOWS***For the financial year ended 31 December 2024*

	Notes	2024	2023
		\$	\$
Cash flows from operating activities			
Net loss		(8,439,062)	(10,264,311)
Adjustments for:			
- Depreciation of property, plant and equipment	10	35,836	761,503
- Interest income	15	(885,793)	(1,011,519)
- Interest expense on lease liabilities	11	-	10,944
		(9,289,019)	(10,503,383)
Change in working capital:			
- Insurance and reinsurance contracts		1,974,538	(547,933)
- Other assets and other receivables		212,796	(2,871)
- Other payables and accruals		261,977	61,512
- Amounts due to a fellow subsidiary company		(2,463,529)	(1,047,657)
Net cash used in operating activities		(9,303,237)	(12,040,332)
Cash flows from investing activities			
Interest received		909,069	1,093,443
Additions to property, plant and equipment		(24,823)	(7,647)
Net cash provided by investing activities		884,246	1,085,796
Cash flows from financing activity			
Proceeds from issue of shares		10,285,000	3,816,400
Principal payment of lease liabilities		-	(746,496)
Interest paid		-	(10,944)
Net cash generated from financing activities		10,285,000	3,058,960
Net increase/ (decrease) in cash and cash equivalents		1,866,009	(7,895,575)
Cash and cash equivalents at beginning of financial year		34,638,725	42,534,300
Cash and cash equivalents at end of financial year		36,504,734	34,638,725

Reconciliation of liabilities arising from financing activities

	1 January 2024	Lease payments	Non-cash changes		31 December 2024
			Interest expense	Addition - New leases	
Lease Liabilities	-	-	-	-	-

	1 January 2023	Lease payments	Non-cash changes		31 December 2023
			Interest expense	Addition - New leases	
Lease Liabilities	746,496	(757,440)	10,944	-	-

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 16 Raffles Quay, #39-01 Hong Leong Building Singapore 048581.

The principal activities of the Company are those of a direct general insurer licensed under the Insurance Act 1966 which underwrites general insurance business.

The Company is a wholly owned subsidiary of Hiscox PLC a company incorporated in the United Kingdom. The Company's ultimate holding company is Hiscox Ltd., a Bermuda-incorporated insurance provider, listed on the London Stock Exchange. Its penultimate holding company is Hiscox Plc, incorporated in London, United Kingdom.

2. Material accounting policy information**2.1 Basis of preparation**

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are prepared on a going concern basis because the Company's penultimate holding Company, Hiscox Plc has confirmed its intention to provide continuing financial support so that the Company is able to pay its debts as and when they fall due.

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

2.1.1 New and amended standards and interpretations

On 1 January 2024, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.2 Insurance revenue**

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period together with administration fees generated directly from the individual insurance contracts, as earned. The Company allocates the expected premium receipts to each period of insurance contract services based on the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made based on the expected timing of insurance services expenses incurred. The Company changes the basis of allocation between the two methods above as necessary if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognised based on the passage of time.

Commission income comprises reinsurance and profit commissions received and/or receivable. Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of allocation of reinsurance premiums. For those related to contingent on claims, i.e. premium paid to reinsurers on a predetermined and compulsory basis, the economic effect is equivalent to the effect of receiving a reimbursement of claims from the reinsurer at the net of the reinstatement premiums paid. Therefore, a reinstatement premium should be recognised as part of the amounts recoverable from reinsurers by the cedant if they are contingent on claims.

2.3 Insurance service expense

Insurance service expenses include the following:

- (a) Incurred claims and benefits excluding investment components, including an estimate for claims incurred but not reported at the reporting date;
- (b) Other incurred directly attributable insurance service expenses;
- (c) Insurance acquisition cash flows amortisation;
- (d) Changes that relate to past service – changes in the FCF relating to the LIC;
- (e) Changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
- (f) Insurance acquisition cash flows assets impairment, net of reversals.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time. Other expenses not meeting the above categories are included in other operating expenses in the statement of comprehensive income.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.4 Investment component**

The Company's insurance contracts do not provide nor attract any investment component. However, the Company's quota share reinsurance contracts do contain an investment component, which is derived by reference to each group of reinsurance contracts which provide variable return ceding commission based on the contracts' ultimate incurred claims loss ratio.

2.5 Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of financial risk and changes in financial risks; and
- The effect of the time value of money and changes in the time value of money

For all the product lines, the Company does not disaggregate finance income and expenses because the related financial assets are managed on a fair value basis and measured at fair value through profit or loss (FVTPL).

2.6 Interest income

Investment income comprises interest income on bank deposits. Interest income is recognised using the effective interest method.

2.7 Government grants

Grants from government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received, and the Company will comply with all the attached conditions.

Government grants receivable is recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.8 Income taxes**

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.9 Classification of insurance contracts and reinsurance contracts

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include Motorcar, Motorcycle and Travel insurance. These products offer protection of policyholders' assets and indemnification of other parties that have suffered damage because of the insured event.

2.9.1 Separating components from insurance and reinsurance contracts

The Company assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another FRS instead of FRS 117. After separating any distinct components, the Company applies FRS 117 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.9 Classification of insurance contracts and reinsurance contracts (continued)****2.9.2 Level of aggregation**

FRS 117 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder.

This means that, for determining the level of aggregation, the Company identified a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). FRS 117 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company applied a full retrospective approach for the transition to FRS 117. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- a. Contracts that are onerous at initial recognition;
- b. Contracts that at initial recognition have no significant possibility of becoming onerous; and
- c. Remaining contracts in the portfolio.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstance. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information;
- Results of similar contracts it has recognised;
- Environmental factors, e.g., a change in market experience or regulations

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.9 Classification of insurance contracts and reinsurance contracts (continued)****2.9.2 Level of aggregation**

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

2.9.3 Recognition

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

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

The Company recognises a group of reinsurance contracts held it has entered from the earlier of the following:

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

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

2.9.4 Contract boundary

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

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (continued)

2.9 Classification of insurance contracts and reinsurance contracts (continued)

2.9.4 Contract boundary (continued)

- The Company has the practical ability to reassess the risks of the policyholder and, as a result can set a price or level of benefits that full reflects those risks.

Or both:

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

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

2.9.5 Measurement – Premium Allocation Approach

	FRS 117 Options	Adopted approach
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the FRS 117 general model	The Company assess that the measurement of the liability for remaining coverage under the PAA would not differ materially from applying the General Measurement Model (“GMM”)
Liability for Remaining Coverage (“LFRC”), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	For all the insurance contracts issued, there is no allowance as the premiums are received within one year of the coverage period.
Liability for Incurred Claims (“LFIC”), adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	For some claims, the incurred claims are expected to be paid out in less than one year. Hence, no adjustment is made for the time value of money. For others, the LFIC is adjusted for the time value of money.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (continued)

2.9 Classification of insurance contracts and reinsurance contracts (continued)

2.9.5 Measurement – Premium Allocation Approach (continued)

	FRS 117 Options	Adopted approach
Insurance acquisition cash flows for insurance contracts issued	<p>Where the coverage period of all contracts within a group is no longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group.</p> <p>For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of Insurance contracts and amortised over the coverage period of the related group.</p>	For all the insurance contracts issued, the insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.
Insurance finance income and expense	There is an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in profit and loss or OCI.	For all the product lines, the change in LFIC as a result of changes in discount rates will be captured within profit or loss.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.9 Classification of insurance contracts and reinsurance contracts (continued)****2.9.6 Insurance contracts - initial measurement**

The Company applies PAA measurement model to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary.

Or

- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition;
- Minus any insurance acquisition cash flows at that date;
- Plus, or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows; and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

For Motorcar, Motorcycle, and Travel insurance, analysis has been performed on the discounting impact for insurance contracts where premiums are received either more than 12 months before or 12 months after coverage. The results of this analysis show that contracts where this is required are rare and the financial impact of a time value of money adjustment of those contracts are not material. Therefore, the LFRC will not be adjusted for the time value of money and this assessment will be reviewed on an annual basis.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognizes a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (continued)

2.9 Classification of insurance contracts and reinsurance contracts (continued)

2.9.7 Reinsurance contracts held - initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on to the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.9 Classification of insurance contracts and reinsurance contracts (continued)****2.9.8 Insurance contracts held - subsequent measurement**

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period;
- Minus insurance acquisition cash flows;
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the services provided in the period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment).

The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

During the coverage period, if facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Insurance acquisition cash flows are allocated on a straight-line basis through insurance service expense.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.9 Classification of insurance contracts and reinsurance contracts (continued)****2.9.9 Reinsurance contracts held - subsequent measurement**

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

2.9.10 Insurance acquisition cash flows

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

The Company uses a systematic and rational method to allocate:

- (a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
 - (i) to that group; and
 - (ii) to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- (b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts are recognised in the Balance Sheet, a separate asset for insurance acquisition cash flows recognised for each related group. The asset for insurance acquisition cash flow is derecognised from Balance Sheet when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.9 Classification of insurance contracts and reinsurance contracts (continued)****2.9.10 Insurance acquisition cash flows (continued)**

At the end of each reporting period, the Company revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Company assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of insurance contracts; and
- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Company recognised an impairment loss in profit or loss and the carrying amount of the asset is adjusted. Reversal of such impairment loss in subsequent periods if the impairment conditions no longer exist or have improved.

2.9.11 Other pre-recognition cash flows

Before a group of insurance contracts is recognised, the Company recognizes an asset or liability for any cash flows related to a group of insurance contracts other than insurance acquisition cash flows due to the occurrence of the cash flows. Cash flows are related to a group of insurance contracts if they would have been included as FCF at initial recognition of the group if they had been paid or received at that date. These cash flows are included within the measurement of the related portfolios of insurance contracts issued or reinsurance contracts held on.

2.9.12 Insurance contracts – derecognition and modification

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled, or expired) or

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.9 Classification of insurance contracts and reinsurance contracts (continued)****2.9.12 Insurance contracts – derecognition and modification (continued)**

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognizes the initial contract and recognizes the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognizes amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

2.9.13 Loss components

The Company assumes that no contract is onerous at initial recognition unless facts and circumstances indicate otherwise. However, if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts are onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts, the loss component will be zero.

2.9.14 Loss-recovery components

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.9 Classification of insurance contracts and reinsurance contracts (continued)****2.9.15 Net income or expense from reinsurance contracts held**

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

2.10 LeasesWhen the Company is the lessee

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- **Right-of-use assets**

The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

- **Lease liabilities**

Lease liability is measured at amortised cost using the effective interest method.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.10 Leases (continued)**

Lease liability shall be re-measured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Company's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is re-measured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term and low-value leases

The Company has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss.

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Company shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2.11 Property, plant, and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses. All items of property, plant and equipment are initially recorded at cost.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.11 Property, plant, and equipment (continued)**

The estimated useful lives are as follows:

Leasehold building	-	3 years
Fixture and fittings	-	5 years
Office equipment	-	5 years
Renovation	-	3 years
Computer software	-	3 years
Computer hardware	-	3 years

The residual values estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2.12 Impairment of non-financial assets

Property, plant and equipment and other non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation and amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.13 Financial assets*****Non-derivative financial assets******(a) Classification and measurement***

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

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

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

At initial recognition

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instruments. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the assets.

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

At subsequent measurement**(i) Debt instruments**

Debt instruments mainly comprise of cash and bank deposits and other receivable. There are three subsequent measurement categories, depending on the Company's business model for managing the asset and cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.13 Financial assets (continued)*****Non-derivative financial assets (continued)******(a) Classification and measurement (continued)*****At subsequent measurement (continued)****(i) Debt instruments (continued)**

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".
- FVTPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortized cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

The business model reflects how the Company manages assets in order to generate cash flows. That is, it reflects whether the Company's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (for example, financial assets are held for trading purposes), the financial assets are classified as part of the other business model and measured at FVTPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.13 Financial assets (continued)*****Non-derivative financial assets (continued)******(a) Classification and measurement (continued)***

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

The Company reclassifies debt investments only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

(ii) Cash and cash equivalents and other receivables

The Company measures cash and cash equivalent, and other receivables at amortised cost.

Amortised cost is the amount at which the financial assets is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method for any differences between the initial amount and the maturity amount and adjusted for any loss allowances. When the Company revises the estimates of future cash flows, the carrying amount of the respective financial asset is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all of the risks and rewards of ownership; or (ii) the Company neither transfers nor retains substantially all of the risks and rewards of ownership and the Company has not retained control.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.13 Financial assets (continued)*****Non-derivative financial assets (continued)******(b) Classification and measurement (continued)******Non-derivative financial liabilities***

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise other payables and amount due to a fellow subsidiary company.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.14 Impairment***Non-derivative financial assets***

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with its financial assets carried at AC and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of the ECL reflects:

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

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (continued)

2.14 Impairment (continued)

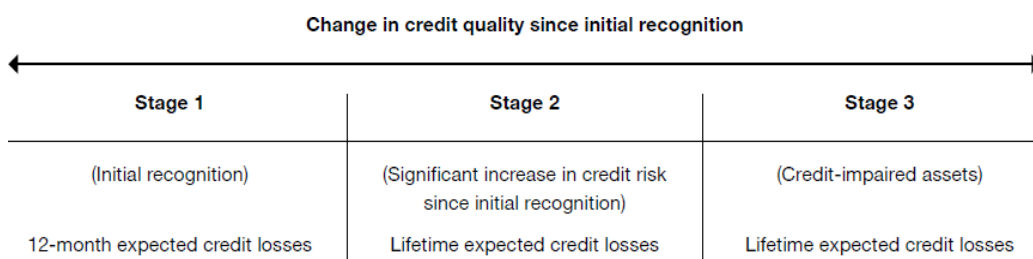
Non-derivative financial assets (continued)

Model for expected credit loss

FRS 109 outlines a three-stage model for impairment, based on changes in credit quality since initial recognition, as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1, and it has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk (“SICR”) since initial recognition is identified, the financial instrument is moved to Stage 2, but it is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of the lifetime ECL that results from default events possible within the next 12 months. Instruments in Stage 2 or 3 have their ECL measured based on the ECL on a lifetime basis.
- A pervasive concept in measuring the ECL in accordance with FRS 109 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The following diagram summarises the impairment requirements under FRS 109 (other than purchased or originated credit-impaired financial assets):



The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criterion

The borrower is more than 90 days past due on its contractual payments.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.14 Impairment (continued)*****Non-derivative financial assets (continued)***Model for expected credit loss (continued)Definition of default and credit-impaired assets*Qualitative criterion*

The borrower meets the unlikeliness to pay criterion, which indicates that the borrower is in significant financial difficulty. These are instances where:

- the borrower is in long-term forbearance;
- the borrower is insolvent;
- the borrower is in breach of (a) financial covenant(s);
- an active market for that financial asset has disappeared because of financial difficulties;
- concessions have been made by the lender relating to the borrower's financial difficulties;
- it is becoming probable that the borrower will enter bankruptcy; or
- financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") throughout the Company's expected loss calculations.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month (12M) or lifetime basis, depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. The ECL is the discounted product of the PD, EAD and LGD, defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (according to the definition of default and credit-impaired assets above), either over the next 12 months (12M PD) or over the remaining lifetime (Lifetime PD) of the obligation.
- The EAD is based on the amounts that the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.14 Impairment (continued)*****Non-derivative financial assets (continued)*****Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)**

- The LGD represents the Company's expectation of the extent of loss on a defaulted exposure. The LGD varies by type of borrower, type and seniority of claim, and availability of collateral or other credit support. The LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). The LGD is calculated on a 12M or lifetime basis, where the 12M LGD is the percentage of loss expected to be made if the default occurs in the next 12 months, and the lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the financial assets.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (that is, the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original EIR or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a financial instrument portfolio from the point of initial recognition throughout the lifetime of the financial instrument. The maturity profile is based on historical observed data, and it is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

Forward-looking economic information is also included in determining the 12M and Lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Significant increase in credit risk

The Company considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.14 Impairment (continued)*****Non-derivative financial assets (continued)*****Significant increase in credit risk (continued)*****Quantitative criteria***

Thresholds have been established to determine whether the remaining Lifetime PD at the reporting date has increased significantly compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised.

Qualitative criteria

For debt instruments securities, if the instrument meets one or more of the following criteria:

- significant increase in credit spread;
- significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- actual or expected forbearance or restructuring;
- actual or expected significant adverse change in operating results of the borrower; and
- significant change in collateral value (secured facilities only) that is expected to increase risk of default.

The assessment of a SICR incorporates forward-looking information and is performed at the borrower level and on a periodic basis.

Backstop criteria

A backstop is applied and the debt financial instrument considered to have experienced a SICR if the borrower is more than 30 days past due on its contractual payments.

Low credit risk debt instruments

The Company has used the low credit risk exemption for financial instruments when they meet the following conditions:

- the financial instrument has a low risk of default;
- the borrower is considered to have a strong capacity to meet its obligations in the near term; and
- the Company expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations.

The Company defines low credit risk financial assets as financial assets that are 'investment grade' at the reporting date, based on the Company's credit grading policies. For such instruments, the SICR is not assessed, and the impairment allowance is calculated and the financial asset is measured using the 12M ECL, provided that the financial asset meets the criteria above.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.14 Impairment (continued)*****Non-derivative financial assets (continued)***Forward-looking information incorporated in the ECL models

The assessment of a SICR and the calculation of the ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and the ECL for each portfolio.

Credit risk grading

The Company uses external credit risk ratings to assess credit risk, because external credit risk ratings are available for all financial assets held. The credit ratings are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating is lower than the difference in the PD between a B and B- rating.

2.15 Currency translation

The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.16 Employee compensation***Defined contribution plans***

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as The Central Provident Fund on a mandatory or contractual basis. The Company has no further payment obligations once the contributions have been paid.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

2. Material accounting policy information (continued)**2.17 Other payables**

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

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

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. Critical accounting estimates, assumptions, and judgements

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The Company disaggregates information to disclose major product lines namely, Motor Cycle, Motor Car and Travel insurance contracts issued. This disaggregation has been determined based on how the Company is managed.

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 period;
- Recognised in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

3. Critical accounting estimates, assumptions, and judgements
(continued)**3.1 Insurance and reinsurance contracts**

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under FRS 104. However, when measuring for Liabilities for Incurred Claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

3.1.1 Liability for remaining coverage**Insurance acquisition cash flows**

The insurance acquisition cash flows are allocated to related groups of insurance contracts recognised in the Balance Sheet (including those groups that will include insurance contracts expected to arise from renewals). An asset for insurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised.

Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined using the fulfilment cash flows. Loss component being determined with reference to the FRS 117 contract boundary, which has been determined as 7 days because of the unilateral 7-day cancellation right within insurance contracts. Any loss-recovery component for reinsurance contracts held is determined with reference to the loss component recognised on underlying contracts and the reinsurance recovery expected.

3.1.2 Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. The following actuarial methods are applied; Incurred Loss Development Method, Incurred Bornhuetter-Ferguson Method, Paid Loss Development Method, Paid Bornhuetter-Ferguson Method and Expected Loss Ratio Method.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

3. Critical accounting estimates, assumptions, and judgements
(continued)**3.1 Insurance and reinsurance contracts** (continued)**3.1.2 Liability for incurred claims** (continued)

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident quarters but can also be further analysed by significant business lines and claim types.

Ultimate claims costs take into account subrogation and other recoveries and claims handling expenses with the appropriate allowances for uncertainties.

Large claims are separately addressed by being separately projected to reflect their future development. The assumptions used are those implicit in the historical claims' development data on which the projections are based.

Modelling claims liabilities by these methods is used to estimate and include expected allowances for uncertainty. The Company considers that it is not exposed to uncertainties other than those provided for in the best-estimate of claims liabilities together with the application of risk adjustment.

Finally, discounting is applied to claims liabilities based on expected payment patterns using the discount rates detailed in later notes. Expected payment patterns are reviewed and updated annually for actual and expected changes.

3.1.3 Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. The risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favorable and unfavorable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***3. Critical accounting estimates, assumptions, and judgements**
(continued)**3.1 Insurance and reinsurance contracts** (continued)**3.1.3 Risk adjustment for non-financial risk** (continued)

The assumptions are derived for each risk adjustment class based on the confidence level method. Subsequently, the Company applies the assumptions on discounted reserves for each set of insurance and reinsurance contracts to derive the risk adjustment for uncertainty.

The risk adjustment estimation approach uses a statistical modelling tool to generate an independent risk coefficient of variation (CoV). The CoV is used as inputs and actuarial judgement is exercised to derive the gross risk adjustment for non-financial risk.

The resulting amount of the calculated risk adjustment corresponds to the sufficiency confidence level of 75% (2023: 75%) for both gross liabilities and ceded recoveries. The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2024.

3.1.4 Time value of money

The Company adjusts the carrying amount of the liability for incurred claims, asset for incurred claims to reflect the time value of money and the effect of financial risk using discount rates for payments and receipts of more than one year with reference to expected future cash-flows for more than one year.

The valuation of these assets and liabilities items are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable.

The Company has adopted the methodology which is based on the “bottom-up” approach. The two key components to be considered for the bottom-up approach are: the liquid risk-free yield curve and the liquidity premium. The discount rate is based on the official data obtained from the Monetary Authority of Singapore (“MAS”) with an illiquidity premium set at zero.

The discount rates applied for discounting future cash flows are listed below:

2023	1 Year	2 Year	5 Year
Insurance contracts issued and reinsurance contracts held	3.75%	3.26%	2.68%

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***3. Critical accounting estimates, assumptions, and judgements**

(continued)

3.1 Insurance and reinsurance contracts (continued)**3.1.4 Time value of money** (continued)

2024	1 Year	2 Year	5 Year
Insurance contracts issued and reinsurance contracts held	2.78%	2.72%	2.82%

3.1.5 Assets for insurance acquisition cash flows

The Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period.

At the end of each reporting period, the Company revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

In the current year, the Company revisited its inputs into its allocation methodology for the three-insurance product line and did not make any changes to its assumptions.

In the current and prior year, the Company did not identify any facts and circumstances indicating that the assets may be impaired.

3.1.6 Investment component

The Company's insurance contracts do not have nor attract investment components.

The Company's groups of quota share reinsurance contracts do have investment components, because return ceding commission amount is partially contingent on the contracts' ultimate loss ratio. The non-distinct investment component (the portion of commission non-contingent upon ultimate loss ratio) is included as required by FRS 117 within amounts recoverable for incurred claims and other expenses. The non-distinct portion of the contracts' investment component is included as reinsurance investment component. The Company determines annually the expected ultimate loss ratio, by reference to the ultimate loss ratio of the group of attaching insurance contracts, of each quota share reinsurance contract which in turn derives their expected ultimate return ceding commission. Changes result in movements to the non-distinct and distinct investment components of reinsurance contracts within comprehensive income.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

4. Insurance and financial risk management

Risk management is integral to the whole business of the Company. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. They are guided by risk management policies and guidelines set by the Board as part of its overall business strategies and philosophy. To facilitate the task of monitoring these exposures, established processes are in force. Regular reviews by management are also conducted to ensure effectiveness and compliance with established policies and guidelines.

4.1 Risk management objectives and policies for mitigating insurance risk

In the normal course of its business activities, the Company is exposed to a variety of insurance risks. These include underwriting and concentration risks. The management of these risks is discussed below:

Underwriting risk

The underwriting strategy of the Company is to ensure that insurance risks are well-managed, to enhance the long-term financial performance of the business. The Company adopts the following measures to manage the general insurance risks:

- to select risk and control exposure in accordance to established guidelines;
- to pay claims promptly and to control claim expenses or fraud;
- to ensure optimum pricing for risks and adequate valuation of insurance liabilities; and
- to have reinsurance protection in place for delegation of insurance risks.

Reinsurance strategy

The Company reinsures a portion of the risks it underwrites in order to control its exposure to losses and protect its capital resources.

The Company purchases a combination of proportionate and non-proportionate treaties to reduce its net exposure for any single event.

Ceded insurances contain credit risks, and such reinsurance recoverable is reported after impairment provisions as a result of occurred loss events. The Company monitors the financial conditions of reinsurers on an on-going basis and reviews its reinsurance arrangements periodically.

As the Company is required to monitor its solvency margin and capital adequacy ratio under the Risk-Based Capital Framework introduced by the Monetary Authority of Singapore (the "MAS"), the Company deals mainly with reinsurers with good credit ratings. Prior approval is required to be sought from the Chief Executive and management for any deviations.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

4. Insurance and financial risk management (continued)**4.1 Risk management objectives and policies for mitigating insurance risk (continued)****Asset and liability matching**

Part of management's strategies in the management of risks is to match the timing of cash flows of its assets and liabilities. The Company's significant portion of its assets can be easily liquidated to pay claims.

4.2 Terms and conditions of insurance contracts**Product features**

The Company underwrites a range of general insurance products including motor and travel. The motor insurance policies making up a significant portion of its general insurance portfolio.

Motor insurance policies cover private cars and motorcycles only. The motor insurance coverage is for losses or damages to the insured's vehicle, death, or injuries to third parties, damages to third party property and personal accident.

Travel policies cover medical expenses, fatal accident or disability, emergency medical evacuation, personal belongings, travel cancellation, travel delay, changes in travel plan and sports.

In general, majority of the general insurance contracts are on an annual coverage and annual premium basis, except for short-term travel insurance which covers specified travel periods.

Managing of risks

The key risks associated with general insurance are underwriting risk, competitive risk and claims experience risk. The Company may also be exposed to risk of dishonest actions by policyholders. Underwriting risk is the risk that the Company does not charge adequate premiums appropriately for the different risks it insures. The risk on any policy will vary according to factors such as location, safety measures in place, age of property, vehicle etc.

4.2 Terms and conditions of insurance contracts

The Company mitigates its underwriting risk through centralizing underwriting and pricing workflow using a common system. Underwriting authorities are in-built into the system and the rates are set within the system parameters. The set underwriting rules and authorities are reviewed at least annually, and the pricing circle is performed on a regular basis to monitor the performance of various targeted segments of the business portfolio.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

4. Insurance and financial risk management (continued)**4.2 Terms and conditions of insurance contracts (continued)****Managing of risks (continued)**

Loss ratio of the portfolio is also one of the components used to measure the performance of the portfolios. A regular underwriting meeting ensures that the portfolio performance is analysed in detail to identify trends and corrective actions taken as required.

Similar to the underwriting and pricing function, the claims processes also leverage a single system workflow structure which provides for an end-to-end underwriting system for seamless data and processes. The claims are reviewed by a dedicated claims team regularly and a best estimate reserve is set when there is additional information made available. There is a regular claims meeting to review claims metrics and a dedicated key claims meeting to provide additional oversight on high value or complex claims.

A reserving committee meeting is held every quarter. The committee reviews DAIS claims development and performance, including large claims following independent assessment by group actuaries.

The claims are reviewed by a dedicated claims team regularly and a best estimate reserve is set when there is additional information made available. There is a regular claims meeting to review claims metrics and a dedicated key claims meeting to provide additional oversight on high value or complex claims.

Insurance risk is managed primarily through estimated pricing, product design, risk selection, appropriate investment strategy and reinsurance. The Company therefore monitors and reacts to changes in the general economic and commercial environment in which it operates, especially in Singapore where the Company underwrites all its insurance risks.

4.3 Concentrations of insurance risk

A key aspect of the insurance risk faced by the Company is the extent of concentration of insurance risk which may exist where a particular event or series of events could impact significantly upon the Company's liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts and relate to circumstances where significant liabilities could arise. An important aspect of the concentration of insurance risk is that it may arise from the accumulation of risks within several individual classes of business or contracts tranche.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***4. Insurance and financial risk management (continued)****4.3 Concentrations of insurance risk (continued)**

Concentrations of risk can arise in both high-severity, low frequency events, such as natural disasters and in situations where underwriting is biased towards a particular group, such as a particular geographic or demographic trend.

The Company's key methods in managing these risks are as follows:

Firstly, the risk is managed through appropriate underwriting procedures. Underwriters are not permitted to underwrite risks unless the expected profits are commensurate with the risks assumed.

Secondly, the risk is managed using reinsurance. The Company purchases covers with reputable reinsurers that provide protection on the insurance business written by the Company above a certain net retention of risk. The costs and benefits associated with the reinsurance programmes are being reviewed periodically.

The following tables disclose the concentration of insurance contract liabilities and reinsurance contract assets in relation to the type of insurance risk accepted by the Company:

In \$	2024			2023		
	Insurance	Reinsurance Held	Net	Insurance	Reinsurance Held	Net
Motorcar	45,218,477	(31,884,450)	7,586,490	40,189,820	(32,202,383)	7,987,437
Motorcycle	4,835,367	(1,280,619)	4,948,838	5,548,346	(1,774,684)	3,773,662
Travel	3,317,091	(3,981,487)	3,689,052	4,782,131	(2,293,388)	2,488,743
Total Net Insurance Contracts	53,370,935	(37,146,555)	16,224,380	50,520,297	(36,270,455)	14,249,842

The Company sets out the total aggregate exposure that it is prepared to accept in relation to concentration of risks based on the guidelines given by the MAS under the Risk-Based Capital Framework. It monitors these exposures both at the time of underwriting a risk, and on a quarterly basis by reviewing reports which show the key aggregations of risks to which the Company is exposed.

The purpose of the sensitivity analysis is to assess the relative importance of key assumptions used in the actuarial valuation of insurance contract liabilities as at balance sheet date. The most material assumptions applied to insurance and reinsurance contract liabilities and assets are:

Liability for incurred claims:

- Best-estimate of insurance liabilities (Best-estimate Reserves)
- Risk adjustment for uncertainty.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***4. Insurance and financial risk management (continued)****4.3 Concentrations of insurance risk (continued)**

Liability for remaining coverage:

- Future loss ratio
- Risk adjustment for uncertainty.

Whilst the above assumptions are the most material to the valuation of insurance liabilities, it has not been possible to quantify the sensitivity of certain assumption such as legislative changes.

The following sensitivity analysis shows the impact on LFIC, LFRC, profit before tax and equity for reasonably significant possible movements in key assumptions with all other assumptions held constant. The correlation of these assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions did not change from previous period.

Sensitivity analysis

	Change in assumptions	Impact on Liability for Incurred Claims	Impact on Assets for Incurred Claims	Impact on Profit/(Loss) before Tax	Impact on Equity
As at 31 December 2024					
Risk Adjustments	+5%	(147,612)	-	(147,612)	(147,612)
	-5%	147,612	-	147,612	147,612
Best Estimate Reserve	+5%	(1,742,043)	-	(1,742,043)	(1,742,043)
	-5%	1,742,043	-	1,742,043	1,742,043
As at 31 December 2023					
Risk Adjustments	+5%	(145,662)	-	(145,662)	(145,662)
	-5%	145,662	-	145,662	145,662
Best Estimate Reserve	+5%	(1,703,332)	-	(1,703,332)	(1,703,332)
	-5%	1,703,332	-	1,703,332	1,703,332
	Change in assumptions	Impact on Liability for Remaining Coverage	Impact on Assets for Remaining Coverage	Impact on Profit/(Loss) before Tax	Impact on Equity
As at 31 December 2024					
Risk Adjustments	+5%	(791)	593	(198)	(198)
	-5%	791	(593)	198	198
Loss Ratio	+5ppts	(29,367)	22,025	(7,342)	(7,342)
	-5ppts	5,089	(3,816)	1,272	1,272
As at 31 December 2023					
Risk Adjustments	+5%	(4,663)	3,497	(1,166)	(1,166)
	-5%	4,663	(3,497)	1,166	1,166
Loss Ratio	+5ppts	(54,594)	40,946	(13,649)	(13,649)
	-5ppts	58,206	(43,655)	14,552	14,552

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

4. Insurance and financial risk management (continued)

4.3 Concentrations of insurance risk (continued)

4.3.1 Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each balance sheet date, together with cumulative payments to date. As required by FRS 117, in setting claims provisions, the Company considers the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***4. Insurance and financial risk management (continued)****4.3 Concentrations of insurance risk (continued)****4.3.1 Claims development table (continued)**

Gross discounted liabilities for incurred claim for 2024

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
<u>Estimate of cumulative claims</u>						
At the end of the accident year	23,617,950	22,685,032	27,244,281	32,614,557	36,664,818	
One year later	18,888,681	19,494,665	26,275,318	33,469,673		
Two years later	17,231,952	18,927,466	26,553,916			
Three years later	16,975,189	18,848,600				
Four years later	16,848,128					
Estimate of cumulative claims	16,848,128	18,848,600	26,553,916	33,469,673	36,664,818	132,385,135
<u>Less: Cumulative payments</u>						
At the end of the accident year	(8,694,752)	(8,444,432)	(11,451,326)	(14,027,387)	(18,819,850)	
One year later	(12,911,479)	(14,519,742)	(20,063,705)	(27,340,273)		
Two years later	(14,872,782)	(15,986,969)	(22,709,402)			
Three years later	(16,323,286)	(16,998,730)				
Four years later	(16,661,026)					
Cumulative payments						(102,529,281)
Gross outstanding claim liabilities	187,102	1,849,870	3,844,514	6,129,400	17,844,968	29,855,854
Claims handling expenses						1,217,077
Provision for accident years prior to 2019						1,648,098
Central estimate of outstanding claims						32,721,029
Effect of discounting						(832,410)
Risk adjustment						2,951,964
Claims payable/receivable balance						373,224
Total liability incurred claims						35,213,807

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***4. Insurance and financial risk management (continued)****4.3 Concentrations of insurance risk (continued)****4.3.1 Claims development table (continued)**

Net discounted liabilities for incurred claim for 2024

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
<u>Estimate of cumulative claims</u>						
At the end of the accident year	8,266,282	7,938,196	7,746,908	8,158,963	9,166,204	
One year later	6,611,038	6,822,533	7,506,032	8,311,428		
Two years later	6,031,183	6,624,108	7,563,906			
Three years later	5,941,316	6,596,505				
Four years later	5,896,845					
Estimate of cumulative claims	5,896,845	6,596,505	7,563,906	8,311,428	9,166,204	37,534,888
<u>Less: Cumulative payments</u>						
At the end of the accident year	(3,043,163)	(2,955,451)	(3,463,488)	(3,509,951)	(4,704,963)	
One year later	(4,519,018)	(5,081,405)	(5,878,385)	(6,838,172)		
Two years later	(5,205,474)	(5,594,934)	(6,651,758)			
Three years later	(5,713,150)	(5,949,051)				
Four years later	(5,831,359)					
Cumulative payments	(5,831,359)	(5,949,051)	(6,651,758)	(6,838,172)	(4,704,963)	(29,975,303)
Net outstanding claim liabilities	65,486	647,454	912,148	1,473,256	4,461,242	7,559,586
Claims handling expenses						1,217,077
Provision for accident years prior to 2019						545,471
Central estimate of outstanding claims						9,322,133
Discounting impact						(70,266)
Risk adjustment						734,160
RI claims recoverable						(34,909,998)
Non-performance risk						21,705
Net provision for insurance claims						(24,902,265)

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***4. Insurance and financial risk management (continued)****4.3 Concentrations of insurance risk (continued)****4.3.1 Claims development table (continued)**

Gross discounted liabilities for incurred claim for 2023

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
<u>Estimate of cumulative claims</u>						
At the end of the accident year	24,128,293	23,617,950	22,685,032	27,244,281	32,614,557	
One year later	23,300,306	18,888,681	19,494,665	26,275,318		
Two years later	23,082,261	17,231,952	18,927,466			
Three years later	22,989,535	16,975,189				
Four years later	22,993,706					
Estimate of cumulative claims	22,993,706	16,975,189	18,927,466	26,275,318	32,614,557	117,786,236
<u>Less: Cumulative payments</u>						
At the end of the accident year	(10,055,388)	(8,694,752)	(8,444,432)	(11,451,326)	(14,027,387)	
One year later	(16,115,651)	(12,911,479)	(14,519,742)	(20,063,705)		
Two years later	(17,814,821)	(14,872,782)	(15,986,969)			
Three years later	(19,248,014)	(16,323,286)				
Four years later	(20,177,738)					
Cumulative payments	(20,177,738)	(16,323,286)	(15,986,969)	(20,063,705)	(14,027,387)	(86,579,085)
Gross outstanding claim liabilities	2,815,968	651,903	2,940,497	6,211,613	18,587,170	31,207,151
Claims handling expenses						1,178,707
Provision for accident years prior to 2019						320,585
Central estimate of outstanding claims						32,706,443
Effect of discounting						(1,126,516)
Risk adjustment						3,007,362
Claims payable						167,777
Total liability incurred claims						34,755,066

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***4. Insurance and financial risk management (continued)****4.3 Concentrations of insurance risk (continued)****4.3.1 Claims development table (continued)**

Net discounted liabilities for incurred claim for 2023

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
<u>Estimate of cumulative claims</u>						
At the end of the accident year	13,939,976	8,266,282	7,938,196	7,746,908	8,158,963	
One year later	13,530,718	6,611,038	6,822,533	7,506,032		
Two years later	13,398,816	6,031,183	6,624,108			
Three years later	13,343,181	5,941,316				
Four years later	13,339,954					
Estimate of cumulative claims	13,339,954	5,941,316	6,624,108	7,506,032	8,158,963	41,570,373
<u>Less: Cumulative payments</u>						
At the end of the accident year	(6,033,233)	(3,043,163)	(2,955,451)	(3,463,488)	(3,509,951)	
One year later	(9,669,391)	(4,519,018)	(5,081,405)	(5,878,385)		
Two years later	(10,688,892)	(5,205,474)	(5,594,934)			
Three years later	(11,548,809)	(5,713,150)				
Four years later	(12,106,643)					
Cumulative payments	(12,106,643)	(5,713,150)	(5,594,934)	(5,878,385)	(3,509,951)	(32,803,063)
Net outstanding claim liabilities	1,233,311	228,166	1,029,174	1,627,647	4,649,012	8,767,310
Claims handling expenses						1,178,707
Provision for accident years prior to 2019						200,811
Central estimate of outstanding claims						10,146,828
Discounting impact						(183,081)
Risk adjustment						861,301
RI claims recoverable						(17,760,220)
Non-performance risk						14,954
Net provision for insurance claims						(6,920,217)

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

4. Insurance and financial risk management (continued)**4.4 Financial risk and capital risk management**

The Company has documented financial risk management policies. These policies set out the Company's overall business strategies and its risk management philosophy. The Company's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Company. Management provides written principles for overall financial risk management and written policies covering specific areas, such as credit risk, liquidity risk and market risk (including interest rate risk and foreign currency risk). Such written policies are reviewed annually by the management and presented and approved by the board in the forward-looking Own Risk and Solvency Assessment and periodic reviews are undertaken to ensure that the Company's policy guidelines are complied with.

The Company started underwriting in July 2010 and is exposed to risks associated with these operations. There has been no change in the Company's exposure to its financial risks or the way it manages and measures the risks. Market risk exposures are measured using sensitivity analysis indicated below.

4.4.1 Credit risk

Credit risk is the risk of financial loss from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company, as and when these obligations fall due.

The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit rating to its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The carrying amount of insurance and other assets, fixed deposits, and cash and cash equivalents represent the Company's maximum exposure to credit risk.

The Company has exposure to concentration of credit risk arising from thirteen reinsurers (2023: ten reinsurers). The reinsurers are rated "A" to "A-" by A.M Best. Based on a quarterly review of reinsurers credit ratings and recovery performance allowance for impairment is necessary (2023: no impairment necessary). The underwriting department is responsible for setting guidelines about the quality of reinsurers used.

Cash at bank is placed with regulated financial institutions rated "A" to "AAA" by external rating agencies including Standard & Poor's, Moody's, and A.M.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***4. Insurance and financial risk management (continued)****4.4 Financial risk and capital risk management (continued)****4.4.1 Credit risk (continued)**

Cash at bank is placed with regulated financial institutions rated “A” to “AAA” by external rating agencies including Standard & Poor’s, Moody’s, and A.M. Best and again no impairments to bank balances and deposits were required (2023: no impairment necessary).

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties’ limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy. The credit risk in respect of customer balances incurred on non-payment of premiums will only persist during the grace period specified in the policy document. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of default.

As at balance sheet date, there is no other significant concentration of credit risk and exposures are well spread. The Company’s exposure to credit risk relating to its financial and insurance assets are summarised below:

	Grade* (A to AAA)	Not rated	Total
	\$	\$	\$
2024			
Cash and cash equivalents	36,504,256	478	36,504,734
Other receivables	59,441	-	59,441
Deposits	56,128	-	56,128
Reinsurance contracts assets	37,146,555	-	37,146,555
	73,766,380	478	73,766,858
2023			
Cash and cash equivalents	34,638,189	536	34,638,725
Other receivables	82,483	237,536	320,019
Deposits	56,126	-	56,126
Reinsurance contracts assets	36,270,455	-	36,270,455
	71,047,253	238,072	71,285,325

(*) Based on public ratings assigned by external rating agencies: Standard & Poor’s, Moody’s and A.M. Best

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***4. Insurance and financial risk management (continued)****4.4 Financial risk and capital risk management (continued)****4.4.2 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with insurance liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

An important aspect of the Company's management of financial and insurance assets and liabilities is to ensure that cash is available to settle liabilities as they fall due. The Company maintains sufficient cash and liquid deposits, and internally generated cash flows to finance its activities. In normal circumstances, the claims are settled with the cash at bank balances and bank deposits available.

	Less than <u>1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$	\$
2024							
Lease liabilities	-	-	-	-	-	-	-
Trade and other payables	919,381	-	-	-	-	-	919,381
Amount due to a fellow subsidiary company	-	-	-	-	-	-	-
Insurance Contracts Liabilities	41,337,825	7,003,332	3,422,551	1,215,550	344,795	46,882	53,370,935
	42,257,206	7,003,332	3,422,551	1,215,550	344,795	46,882	54,290,316
2023							
Lease liabilities	-	-	-	-	-	-	-
Trade and other payables	784,673	-	-	-	-	-	784,673
Amount due to a fellow subsidiary company	1,784,739	-	-	-	-	-	1,784,739
Insurance Contracts Liabilities	38,297,654	6,621,414	3,578,864	1,476,288	454,188	91,889	50,520,297
	40,867,066	6,621,414	3,578,864	1,476,288	454,188	91,899	53,089,709

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***4. Insurance and financial risk management** (continued)**4.4 Financial risk and capital risk management** (continued)**4.4.2 Liquidity risk** (continued)**4.4.2.1 Maturity analysis for insurance and reinsurance contract liabilities** (present value of future cash flows basis)

The following table summarise the maturity profile of insurance issued, and reinsurance contracts held that are liabilities of the Company based on the estimate of the present value of future cash flows expected to be paid out in the periods presented.

	2024						
	Up to 1 year	1-2years	2-3years	3-4years	4-5years	>5years	Total
	\$	\$	\$	\$	\$	\$	\$
Insurance Contract Liabilities	21,244,712	6,412,090	3,132,776	1,112,929	316,326	43,010	32,261,843
	Up to 1 year	1-2years	2-3years	3-4years	4-5years	>5years	Total
Reinsurance Contract Assets	48,441,785	6,125,975	2,266,076	804,994	228,457	30,982	57,898,269
	2023						
	Up to 1 year	1-2years	2-3years	3-4years	4-5years	>5years	Total
	\$	\$	\$	\$	\$	\$	\$
Insurance Contract Liabilities	38,297,654	6,621,414	3,578,864	1,476,288	454,188	91,889	50,520,297
	Up to 1 year	1-2years	2-3years	3-4years	4-5years	>5years	Total
Reinsurance Contract Assets	25,730,785	6,524,211	2,558,185	1,062,257	328,368	66,649	36,270,455

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***4. Insurance and financial risk management (continued)****4.4 Financial risk and capital risk management (continued)****4.4.2 Liquidity risk (continued)****4.4.2.2 Maturity analysis for financial assets (contractual undiscounted cash flow basis)**

The following tables summarise the maturity profile of financial assets of the Company based on remaining undiscounted contractual cash flows:

As at 31 December 2024	Up to 1 years	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Financial Assets	\$	\$	\$	\$	\$	\$	\$
Cash and Cash Equivalents	36,504,734	-	-	-	-	-	36,504,734
Other Receivables	59,441						59,441
	36,564,175	-	-	-	-	-	36,564,175

As at 31 December 2023	Up to 1 years	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Financial Assets	\$	\$	\$	\$	\$	\$	\$
Cash and Cash Equivalents	34,638,725	-	-	-	-	-	34,638,725
Other Receivables	320,019	-	-	-	-	-	320,019
	34,958,744	-	-	-	-	-	34,958,744

Financial assets & liabilities of the Company have nil (2023: nil) amounts that are repayable on demand.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***4. Insurance and financial risk management (continued)****4.4 Financial risk and capital risk management (continued)****4.4.3 Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued, or reinsurance contract held will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

The Company's market risk policy sets out the assessment and determination of what constitutes market risk for it. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains needed to meet the Company's contractual requirements.

4.4.3.1 Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to changes in interest rates relate primarily to its bank deposits. The table below indicates their weighted average interest rates per annum at the end of the reporting period drawn up based on undiscounted contractual maturities of the financial assets that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Weighted average effective <u>interest rate</u> %	On demand or within <u>1 year</u> \$
2024		
Fixed rate bank deposits	2.26%	<u>31,981,066</u>
2023		
Fixed rate bank deposits	3.33%	<u>28,351,464</u>

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***4. Insurance and financial risk management (continued)****4.4 Financial risk and capital risk management (continued)****4.4.3 Market Risk (continued)****4.4.3.1 Cash flow interest rate risk (continued)****Sensitivity analysis**

In managing its interest rate risk, the Company aims to reduce the impact of short-term fluctuations on its earnings to the extent possible. Over the longer term, however, any prolonged adverse changes in interest rates would have an impact on earnings.

The analysis below is performed for reasonably possible movements in key variables with all other variables constant.

To test the sensitivity to changes in interest rates, the level of change is assumed from -50 bps to +50 bps. It is possible that the outcome will be different from the estimation. The table below gives an indication the impact on loss before tax:

	Change in <u>variable</u>	Increase/(decrease) <u>in results</u>	
		2024	2023
		\$	\$
Interest rate	+ 50 bps	(182,521)	(173,191)
Interest rate	- 50 bps	182,521	173,191

The Company is exposed to interest rate risk and in respect of liabilities or assets for insurance and reinsurance contract assets and liabilities as follows.

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables have been changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables has not changed from the previous period.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***4. Insurance and financial risk management (continued)****4.4 Financial risk and capital risk management (continued)****4.4.3 Market Risk (continued)****4.4.3.2 Interest rate risk**

Interest Rate Risk	Change in Interest Rate	2024		2023	
		Impact on Profit before Tax	Impact on Equity	Impact on Profit before Tax	Impact on Equity
		\$	\$	\$	\$
Insurance and reinsurance contracts	+50bps	24,963	24,963	27,253	27,253
Financial Assets	+50bps	(182,521)	(182,521)	(173,191)	(173,191)
Insurance and reinsurance contracts	-50bps	(25,529)	(25,529)	(28,293)	(28,293)
Financial Assets	-50bps	182,521	182,521	173,191	173,191

4.4.3.3 Foreign currency risk

Foreign currency risk is the risk incurred by the Company on assets, liabilities, income, and expense that are denominated in a currency other than the Company's functional currency unless the funding and the exposure in the denominated currency is matched.

The Company transacts business mainly in Singapore dollars, which is the Company's functional currency and therefore has minimal exposure to foreign exchange risk.

The Company does not have any a material foreign currency exposure and hence no material risk to its profit and loss and balance sheet from changes in exchange rates.

4.4.3.4 Price Risk

Price risk is the risk that the fair value or future cash flows of financial instruments or insurance contract assets and/or liabilities will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instruments or contracts, or by factors affecting all similar contracts or financial instruments traded in the market.

The Company is exposed to price risk in relation to its insurance contract liabilities, but these have already been considered by variations in risk adjustment, best-estimate reserves and loss ratio variations in note 4.3 above.

The remaining financial liabilities, which exclude insurance contract liabilities were \$3,526,292 (2023: \$2,569,412) have immaterial exposure to market price fluctuations.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

4. Insurance and financial risk management (continued)**4.4 Financial risk and capital risk management (continued)****4.4.3 Market Risk (continued)****4.4.3.5 Operational Risk**

Operational risk is the risk of loss arising from system failure, human error, fraud, or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or can lead financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

4.5 Capital and regulatory risk management

The Company has established the following capital management objectives, policies, and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company thereby providing a degree of security to policyholders.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.

The Company has met all these requirements throughout the financial year.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the Insurance Act 1966. These regulatory capital tests are based upon required levels of solvency, capital, and a series of prudent assumptions in respect of the type of business written. As at 31 December 2024 the Company's Capital Adequacy Ratio was 322% (2023: 251%).

The Company's capital management policy is to hold sufficient capital to cover the statutory requirements based on the Insurance Act 1966 directives, including any additional amounts required by the regulator.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***4. Insurance and financial risk management (continued)****4.5 Capital and regulatory risk management (continued)**

The Company, in managing and providing its capital base utilizes a mix of equity and reinsurance capital and protection. The Company's capital was supported by whole account quota shares in 2024 at the proportion of 75% (2023: 75%). A related Company, Hiscox Insurance Company (Bermuda) Limited provided a 45% proportional quota share (2023: 45%) for motor class and 25% proportional quota share for the travel class (2023: 25%) and the remaining proportions was provided by non-related independent reinsurance companies. In addition, the Company has access to the financial support of its intermediate holding company, Hiscox PLC when need arises.

Annually the Company prepares an Own Risk and Solvency Assessment, which is presented to and adopted by its Risk Committee and Board, this discusses the Company's solvency and risk position, its key controls and provides a forward assessment of its solvency and capital requirements, actions, and controls over a period of 3 years.

5. Cash and cash equivalents

	2024	2023
	\$	\$
Cash at banks and in hand	4,523,668	6,287,261
Bank deposits	31,981,066	28,351,464
	36,504,734	34,638,725

The bank deposits with financial institutions mature within 12 months (2023:12 months) from the financial year end with the option to rollover. These deposits can be withdrawn at any point in time, except that the interest may be forfeited, and is subjected to insignificant risk of change in value due to low interest rate in the market.

6. Other assets

	2024	2023
	\$	\$
Deposits	56,128	56,128
Prepayment	63,217	38,711
	119,345	94,839

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***6. Other assets (continued)****Other receivables**

	2024	2023
	\$	\$
Accrued interest receivables:		
- Fixed deposits	59,208	82,484
Other receivables	233	237,535
	59,441	320,019

All other receivables as at balance sheet date are neither past due nor impaired. Based on the nature of the receivables, the Company believes that no impairment allowance is necessary as at balance sheet date.

7. Insurance finance income and expense

The table below presents an analysis of insurance finance result recognised in profit or loss in the period:

	2024	2023
	\$	\$
Insurance finance (expenses) / income from insurance contracts issued		
Interest accreted	(678,980)	(687,182)
Due to changes in interest rates and other financial assumptions	5,839	131,018
Total insurance finance (expenses) / income from insurance contracts issued	(673,139)	(556,164)
Represented by:		
Amounts recognised in profit or loss	(673,139)	(556,164)
Reinsurance finance income / (expenses) from reinsurance contracts held		
Interest accreted to reinsurance contracts using current financial assumptions	616,559	614,295
Due to changes in interest rates and other financial assumptions	(4,477)	(101,721)
Reinsurance finance income / (expenses) from reinsurance contracts held	612,082	512,574
Represented by:		
Amounts recognised in profit or loss	612,082	512,574

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***8. Asset and liability position of insurance and reinsurance contracts**

The breakdown of groups of insurance issued, reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

In \$	2024		2023	
	Liabilities	Net	Liabilities	Net
Insurance contracts issued				
Motorcar	45,218,477	45,218,477	40,191,264	40,191,264
Motorcycle	4,835,367	4,835,367	5,548,346	5,548,346
Travel	3,317,091	3,317,091	4,780,687	4,780,687
Total Insurance Contracts	53,370,935	53,370,935	50,520,297	50,520,297
In \$	Assets	Net	Assets	Net
Reinsurance contracts held				
Motorcar	(31,884,450)	(31,884,450)	(31,871,571)	(31,871,571)
Motorcycle	(1,280,619)	(1,280,619)	(1,626,867)	(1,626,867)
Travel	(3,981,487)	(3,981,487)	(2,772,017)	(2,772,017)
Total Reinsurance Contracts held	(37,146,555)	(37,146,555)	(36,270,455)	(36,270,455)

An analysis of amounts presented in the Balance Sheet for insurance contracts measured under the PAA, together with the presentation of amounts falling due to be settled within and after one year are set out in the following table.

	Contracts measured under the PAA	Amounts to be settled within one year	Amounts to be settled after more than one year	Total
	\$	\$	\$	\$
As at 31 December 2024				
Insurance contract liabilities	53,370,935	41,337,825	12,033,110	53,370,935
Insurance contracts balances	56,654,841	44,621,731	12,033,110	56,654,841
Assets for insurance acquisition cash flows	(6,712,829)	(6,712,829)	-	(6,712,829)
Other pre-recognition cash flows	3,428,923	3,428,923	-	3,428,923
Reinsurance contract assets	37,146,555	26,936,040	10,210,515	37,146,555
As at 31 December 2023				
Insurance contract liabilities	50,520,297	38,297,654	12,222,643	50,520,297
Insurance contracts balances	53,354,144	41,131,501	12,222,643	53,354,144
Assets for insurance acquisition cash flows	(6,694,628)	(6,694,628)	-	(6,694,628)
Other pre-recognition cash flows	3,860,780	3,860,780	-	3,860,780
Reinsurance contract assets	36,270,455	25,730,784	10,539,669	36,270,453

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***8. Asset and liability position of insurance and reinsurance contracts (continued)**

Reconciliation of insurance acquisition contract asset	2024	2023
	\$	\$
Opening asset	6,694,628	5,611,918
Cash flow recognised as an asset during the year	6,712,829	6,694,628
Amounts derecognised on initial recognition of groups of insurance contracts	(6,694,628)	(5,611,918)
Closing asset	<u>6,712,829</u>	<u>6,694,628</u>

Detailed reconciliations of changes in insurance contract balances and reinsurance contract balances during the year are included below in Note 9.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***9. Roll Forward Insurance contracts and Reinsurance contracts****9.1** Roll-forward of the asset or liability for **Motorcar, Motorcycle, and Travel insurance** issued showing the liability for remaining coverage and the liability for incurred claims:

2024

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cashflows	Risk Adjustment	
Insurance contract liabilities as at 1 January	22,387,012	72,847	31,841,926	2,913,140	57,214,925
Insurance contract assets as at 1 January	-	-	-	-	-
Net insurance contract liabilities as at 1 January	22,387,012	72,847	31,841,925	2,913,140	57,214,925
Insurance revenue	(58,659,266)				(58,659,266)
Insurance service expenses					-
Incurred claims and other expenses			45,626,290	1,732,565	47,358,855
Amortisation of insurance acquisition cash flows	13,335,563		-		13,335,563
Losses on onerous contracts and reversals of those losses		(49,496)			(49,496)
Changes to liabilities for incurred claims relating to past service			1,137,320	(1,693,741)	(556,421)
Insurance service result	(45,323,703)	(49,496)	46,763,610	38,824	1,429,235
Insurance finance expenses			673,139		673,139
Interest accreted			678,980		678,980
Due to changes in interest rates and other financial assumptions			(5,839)		(5,839)
Total changes in the statement of comprehensive income	(45,323,703)	(49,496)	47,436,749	38,824	2,102,374
Insurance acquisition cash flows derecognised	(2,833,847)				(2,833,847)
Cash flows					
Premiums received	53,686,947				53,686,947
Claims and other expenses paid			(47,016,833)		(47,016,831)
Insurance acquisition cash flows	(6,498,726)				(6,498,726)
Total cash flows	47,188,221	-	(47,016,833)	-	171,388
Net insurance contract liabilities as at 31 December	21,417,683	23,351	32,261,843	2,951,964	56,654,841
Insurance contract liabilities as at 31 December	21,417,683	23,351	32,261,843	2,951,964	56,654,841
Insurance contract assets as at 31 December	-	-	-	-	-
Net insurance contract liabilities as at 31 December	21,417,683	23,351	32,261,843	2,951,964	56,654,841

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***9. Roll Forward Insurance contracts and Reinsurance contracts (continued)****9.1** Roll-forward of the asset or liability for **Motorcar, Motorcycle, and Travel** insurance issued showing the liability for remaining coverage and the liability for incurred claims: (continued)

2023

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cashflows	Risk Adjustment	
Insurance contract liabilities as at 1 January	19,087,087	72,083	28,189,616	3,035,977	50,384,763
Insurance contract assets as at 1 January	-	-	-	-	-
Net insurance contract liabilities as at 1 January	19,087,087	72,083	28,189,616	3,035,977	50,384,763
Insurance revenue	(51,201,679)	-	-	-	(51,201,679)
Insurance service expenses	-	-	-	-	-
Incurred claims and other expenses	-	-	40,609,469	1,816,916	42,426,385
Amortisation of insurance acquisition cash flows	12,756,856	-	-	-	12,756,856
Losses on onerous contracts and reversals of those losses	-	764	-	-	764
Changes to liabilities for incurred claims relating to past service	-	-	(2,491,328)	(1,939,753)	(4,431,081)
Insurance service result	(38,444,823)	764	38,118,141	(122,837)	(448,755)
Insurance finance expenses	-	-	556,164	-	556,164
Interest accreted	-	-	687,182	-	687,182
Due to changes in interest rates and other financial assumptions	-	-	(131,018)	-	(131,018)
Total changes in the statement of comprehensive income	(38,444,823)	764	38,674,305	(122,837)	107,409
Insurance acquisition cash flows derecognised	(5,611,918)	-	-	-	(5,611,918)
Cash flows					
Premiums received	54,658,156	-	-	-	54,658,156
Claims and other expenses paid	-	-	(35,021,995)	-	(35,021,995)
Insurance acquisition cash flows	(7,301,490)	-	-	-	(7,301,490)
Total cash flows	47,356,666	-	(35,021,995)	-	12,334,671
Net insurance contract liabilities as at 31 December	22,387,012	72,847	31,841,926	2,913,140	57,214,925
Insurance contract liabilities as at 31 December	22,387,012	72,847	31,841,926	2,913,140	57,214,925
Insurance contract assets as at 31 December	-	-	-	-	-
Net insurance contract liabilities as at 31 December	22,387,012	72,847	31,841,926	2,913,140	57,214,925

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***9. Roll Forward Insurance contracts and Reinsurance contracts (continued)**

9.2 Roll-forward of the asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claim arising from **Motorcar, Motorcycle, and Travel** insurance ceded to reinsurers are disclosed in the table below:

	2024				Total
	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cashflows	Risk Adjustment	
Reinsurance contract assets as at 1 January	5,459,464	(54,635)	(39,597,560)	(2,077,724)	(36,270,455)
Reinsurance contract liabilities as at 1 January	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 1 January	5,459,464	(54,635)	(39,597,560)	(2,077,724)	(36,270,455)
An allocation of reinsurance premiums	31,846,902				31,846,902
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses			(40,095,768)	(1,299,559)	(41,395,327)
Loss-recovery on onerous underlying contracts and adjustments		37,122			37,122
Changes to amounts recoverable for incurred claims relating to past service			10,594,677	1,159,480	11,754,157
Net income or expense from reinsurance contracts held	31,846,902	37,122	(29,501,091)	(140,079)	2,242,855
Reinsurance finance expenses			(612,082)		(612,082)
Interest accreted to reinsurance contracts using current financial assumptions			(616,559)		(616,559)
Due to changes in interest rates and other financial assumptions			4,477		4,477
Effect of changes in non-performance risk of reinsurers			6,750		6,750
Total changes in the statement of comprehensive income	31,846,902	37,122	(30,106,423)	(140,079)	1,637,522
Reinsurance Investment components	(4,064,768)		4,064,768		-
Cash flows					
Premiums paid	(14,319,337)	-	-	-	(14,319,337)
Amounts received	-	-	11,805,714	-	11,805,714
Total cash flows	(10,254,571)				(2,513,624)
Net reinsurance contract assets/(liabilities) as at 31 December	22,987,029	(17,513)	(57,898,269)	(2,217,803)	(37,146,555)
Reinsurance contract assets as at 31 December	22,987,029	(17,513)	(57,898,269)	(2,217,803)	(37,146,555)
Reinsurance contract liabilities as at 31 December	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 31 December	22,987,029	(17,513)	(57,898,269)	(2,217,803)	(37,146,555)

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***9. Roll Forward Insurance contracts and Reinsurance contracts (continued)**

9.2 Roll-forward of the asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claim arising from **Motorcar, Motorcycle, and Travel** insurance ceded to reinsurers are disclosed in the table below: (continued)

	2023				Total
	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cashflows	Risk Adjustment	
Reinsurance contract assets as at 1 January	14,841,726	(54,062)	(42,724,124)	(2,038,610)	(29,975,070)
Reinsurance contract liabilities as at 1 January	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 1 January	14,841,726	(54,062)	(42,724,124)	(2,038,610)	(29,975,070)
An allocation of reinsurance premiums	27,703,731	-	-	-	27,703,731
Amounts recoverable from reinsurers for incurred claims	-	-	-	-	-
Amounts recoverable for incurred claims and other expenses	-	-	(34,120,861)	(1,362,475)	(35,483,336)
Loss-recovery on onerous underlying contracts and adjustments	-	(573)	-	-	(573)
Changes to amounts recoverable for incurred claims relating to past service	-	-	10,986,972	1,323,361	12,310,333
Reinsurance Investment components	(3,604,819)	-	3,604,819	-	-
Net income or expense from reinsurance contracts held	24,098,912	(573)	(19,529,070)	(39,114)	4,530,155
Reinsurance finance expenses	-	-	(512,574)	-	(512,574)
Interest accreted to reinsurance contracts using current financial assumptions	-	-	(614,295)	-	(614,295)
Due to changes in interest rates and other financial assumptions	-	-	101,721	-	101,721
Effect of changes in non-performance risk of reinsurers	-	-	(843)	-	(843)
Total changes in the statement of comprehensive income	24,098,912	(573)	(20,042,487)	(39,114)	4,016,738
Cash flows					
Premiums paid	(33,481,174)	-	-	-	(33,481,172)
Amounts received	-	-	23,169,051	-	23,169,051
Total cash flows	(33,481,174)	-	23,169,051	-	(10,312,122)
Net reinsurance contract assets/(liabilities) as at 31 December	5,459,464	(54,635)	(39,597,560)	(2,077,724)	(36,270,455)
Reinsurance contract assets as at 31 December	5,459,464	(54,635)	(39,597,560)	(2,077,724)	(36,270,455)
Reinsurance contract liabilities as at 31 December	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 31 December	5,459,464	(54,635)	(39,597,560)	(2,077,724)	(36,270,455)

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***10. Property, plant, and equipment**

	ROU Asset- Leasehold building \$	ROU Asset- Office equipment \$	Fixture and fittings \$	Office equipment \$	Renovation \$	Computer software \$	Computer hardware \$	Total \$
Cost								
At 1 January 2023	2,365,993	21,222	60,421	29,718	438,030	40,872	271,995	3,228,251
Additions	-	-	-	-	-	-	7,647	7,647
Disposals	(2,365,993)	(21,222)	(19,155)	(15,951)	(483,030)	(40,872)	(38,931)	(2,985,154)
At 31 December 2023	-	-	41,267	13,767	-	-	240,711	295,744
Additions	-	-	-	-	-	-	24,820	24,820
Write off	-	-	-	-	-	-	-	-
At 31 December 2024	-	-	41,267	13,767	-	-	265,531	320,565
Accumulated depreciation								
At 1 January 2023	1,667,533	18,864	31,681	27,315	415,319	40,872	227,177	2,428,761
Depreciation	698,460	2,358	10,556	740	22,208	-	27,181	761,503
Disposals	(2,365,993)	(21,222)	(19,655)	(15,951)	(437,527)	(40,872)	(38,930)	(2,940,152)
At 31 December 2023	-	-	22,582	12,103	-	-	215,428	250,112
Depreciation	-	-	10,027	740	-	-	25,069	35,836
Write off	-	-	-	-	-	-	-	-
At 31 December 2024	-	-	32,604	12,844	-	-	240,497	285,945
Net book value								
At 1 January 2023	698,460	2,358	28,740	2,403	22,711	-	44,818	799,490
At 31 December 2023	-	-	18,684	1,663	503	-	25,285	46,134
At 31 December 2024	-	-	8,663	923	-	-	25,034	34,620

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***11. Right-of-use assets - leases**Nature of the Company's leasing activity**Property**

The Company leases office for the purpose of business operations.

Equipment

The Company leases IT equipment (e.g. photocopier) for back-office operations.

(a) Carrying amounts

ROU assets classified within property, plant and equipment.

	2024	2023
	\$	\$
Leasehold building	-	-
Office equipment	-	-
	<u>-</u>	<u>-</u>

(b) Depreciation charge during the year

	2024	2023
	\$	\$
Leasehold building	-	698,460
Office equipment	-	2,358
	<u>-</u>	<u>700,818</u>

(c) Interest expense

	2024	2023
	\$	\$
Interest expense on lease liabilities	-	10,944

(d) The Company had leases for photocopier machine and office. The lease for the photocopier machine is regarded as low value lease expenses and ceases in July 2023.

(e) Total cash outflow for all the leases in 2024 was NIL (2023: \$757,440).

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***11. Right-of-use assets - leases (continued)**

(f) Addition of ROU assets during the year 2024 was Nil (2023: \$Nil)

Lease expenses not capitalised in lease liabilities:

	2024	2023
	\$	\$
Low-value lease expense	-	<u>2,490</u>

12. Other payables and accruals

	2024	2023
	\$	\$
Other payables	635,104	536,483
GST payable	284,277	248,190
Provision for unutilised staff annual leave	76,156	108,171
Accrued operating expenses	2,530,755	2,371,471
	<u>3,526,292</u>	<u>3,264,315</u>

13. Amount due from/to a fellow subsidiary company/holding company

	2024	2023
	\$	\$
Amount due from a fellow subsidiary company:		
- Non-trade	678,790	-
Amount due to a fellow subsidiary company:		
- Non-trade	-	<u>1,784,739</u>

The balance is unsecured, interest free and repayable on demand.

14. Share capital

	2024		2023	
	Number of	\$	Number of	\$
	shares		shares	
At 1 January	87,816,401	87,816,401	84,000,001	84,000,001
Issued and paid during the financial year	10,285,000	10,285,000	3,816,400	3,816,400
At 31 December	<u>98,101,401</u>	<u>98,101,401</u>	<u>87,816,401</u>	<u>87,816,401</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual asset.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***14. Share capital (continued)****Capital management policy**

The Company's policy is to maintain a suitable capital base so as to support its underwriting strategy and capital adequacy needs. The Company defines "capital" as including all components of equity.

The Company is also required to maintain a minimum amount of capital as prescribed under the Singapore Insurance Act 1966 and relevant regulations. The Company was in compliance with all external regulatory imposed capital requirements in 2024 and 2023.

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

15. Investment income

	2024	2023
	\$	\$
Interest income from bank deposits	885,793	1,011,519

16. Loss for the year

Loss for the year is arrived at after charging:

	2024	2023
	\$	\$
Depreciation and amortisation expense:		
- Depreciation of property, plant and equipment (Note 10)	35,836	60,686
- Depreciation of right-of-use assets (Note 10)	-	700,818
	35,836	761,504
Loss on disposal	-	-

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***17. Other operating expenses**

2024	Expenses Attributed to insurance acquisition cash flows	Other directly attributable expense	Other operating Expenses	Total
	\$	\$	\$	\$
Advertising expenses	5,137,104	(9,166)	611,266	5,739,204
Audit Fees	-	-	364,692	364,692
Bank and related charges	916,340	69,883	-	986,223
Depreciation and amortisation expense	-	25,072	10,764	35,836
Depreciation of right of use assets	-	-	-	-
Directors' fees	-	-	74,707	74,707
Foreign exchange loss (net)	-	-	(638)	(638)
Interest expense on lease liabilities	-	-	-	-
License and other fees	-	193,646	350,617	544,263
Others	-	164,681	153,144	317,825
Printing and stationery	-	76,240	-	76,240
Professional fees	-	-	166,649	166,649
Rental on operating leases	-	-	-	-
Royalty fee paid/payable to an ultimate holding company	307,998	-	213,805	521,803
Service fee charges from a fellow subsidiary company	-	4,584,675	2,122,677	6,707,352
Staff cost	5,340,973	3,620,115	1,786,576	10,747,664
	11,702,415	8,725,146	5,854,259	26,281,820

* There are no fees paid to the external auditor in relation to non-audit services.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***17. Other operating expenses (continued)**

2023	Expenses Attributed to insurance acquisition cash flows	Other directly attributable expense	Other operating Expenses	Total
	\$	\$	\$	\$
Advertising expenses	5,644,487	-	635,449	6,279,936
Audit Fees	-	-	298,002	298,002
Bank and related charges	855,197	56,802	-	911,999
Depreciation and amortisation expense	-	27,182	33,504	60,686
Depreciation of right of use assets	-	209,538	491,280	700,818
Directors' fees	-	-	46,293	46,293
Foreign exchange loss (net)	-	-	10,236	10,236
Interest expense on lease liabilities	-	3,295	7,648	10,943
License and other fees	-	193,005	329,590	522,595
Others	-	162,915	33,507	196,422
Printing and stationery	-	48,436	-	48,436
Professional fees	-	-	280,468	280,468
Rental on operating leases	-	35,392	82,581	117,973
Royalty fee paid/payable to an ultimate holding company	247,277	-	447,917	695,194
Service fee charges from a fellow subsidiary company	-	3,240,922	3,538,774	6,779,696
Staff cost	5,844,583	3,938,651	1,515,178	11,298,412
	12,591,545	7,916,138	7,750,428	28,258,109

* There are no fees paid to the external auditor in relation to non-audit services.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***18. Insurance service result**

	2024	2023
	\$	\$
Insurance revenue from contracts measured under the PAA	58,659,266	51,201,679
Insurance service expenses:		
-Incurred claims and other directly attributable expenses	(47,358,855)	(42,426,385)
-Changes that relate to past service- changes in the FCF relating to the LIC	556,421	4,431,081
-Losses on onerous contracts and reversals of those losses	49,496	(764)
-Insurance acquisition cash flow amortisation	(13,335,563)	(12,756,856)
Total Insurance service expenses	(60,088,501)	(50,752,924)
Net income (expenses) from reinsurance contracts held:		
-Allocation of reinsurance premium paid	(27,782,135)	(24,098,912)
-Recoveries of incurred claims and other insurance service expenses	37,293,438	31,879,090
-Changes that relate to past service - change in the FCF relating to incurred claims recovery	(11,754,157)	(12,310,331)
-Effect of changes in the risk of reinsurers' non-performance	(6,750)	843
Total net expenses from reinsurance contracts held	(2,249,604)	(4,529,310)
Total insurance service result	(3,678,839)	(4,080,555)

19. Related party transactions

During year, apart from the balances and transactions disclosed elsewhere in these financial statements, the Company had the following significant transactions with its related companies:

	2024	2023
	\$	\$
Premiums paid/payable to a fellow subsidiary company	25,220,701	22,666,891
Claims recovered/recoverable from a fellow subsidiary company	15,512,284	11,159,253
Commissions received/receivable from a fellow subsidiary company	7,478,268	7,064,345
Service fee charges from a fellow subsidiary company	6,707,352	6,530,072

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***19. Related party transactions (continued)****Key management personnel**

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing, and controlling the activities of the entity. The directors are considered as key management personnel of the Company. The remuneration of directors during the financial year was \$74,707 (2023: \$46,293).

20. Income tax

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2024	2023
	\$	\$
Loss before income tax	(8,439,062)	(10,264,311)
Tax calculated at tax rate of 17% (2023: 17%)	(1,434,641)	(1,744,933)
Non-deductible expenses	612,249	323,252
Deferred tax assets not recognised	822,392	1,421,681
	<u>-</u>	<u>-</u>

As at balance sheet date, the Company has unutilised tax losses of \$81,420,252 (2023: \$73,224,099) that are available for offset against future profits, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement and compliance with certain provisions of the Singapore tax legislation and the Inland Revenue Authority of Singapore.

The Company is within the scope of the OECD Pillar Two model rules. In 2024, Singapore Government enacted Global Anti-Base Erosion ("GloBE") legislation including an Income Inclusion Rule (IIR) and a domestic top-up tax ("DTT") with effect from 1 January 2025. Since the GloBE legislation is not effective at the reporting date, the Company has no related current tax exposure. The Company applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to FRS 112.

Under the GloBE legislation, the Singapore group entities will be liable to pay a top-up tax for the difference between the GloBE effective tax rate for the Singapore jurisdiction and the 15% minimum rate.

DIRECT ASIA INSURANCE (SINGAPORE) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

The Company is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. However, based on management's assessment, the Company does not expect to have to pay any material GloBE tax in the immediate future.

21. New or revised accounting standards and interpretations

Effective for annual periods beginning on or after 1 January 2024:

- Amendments to FRS 1 Presentation of Financial Statements (Non-current Liabilities with Covenants)
- Amendments to FRS 116 Leases (Lease Liability in a Sale and Leaseback)
- Amendments to FRS 1 Presentation of Financial Statements (Classification of Liabilities as current or Non-current)
- Amendments to FRS 7 and FRS 107 Supplier Finance Arrangements

On 1 January 2024, the Company has adopted the amended FRS and INT FRS that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

Below are the mandatory standard, amendments and interpretations to existing standard that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2025 and which the Company has not early adopted:

- Amendments to FRS 21: Lack of exchangeability
- Amendments to FRS 109 and FRS 107: Classification, Measurement and Disclosure of Financial Instruments
- FRS 118 Presentation and Disclosure in Financial Statements
- FRS 119: Subsidiaries without Public Accountability - Disclosures

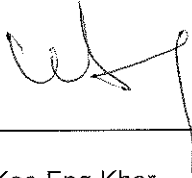
The new or amended accounting standard and interpretations above are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Company. These are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

22. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Direct Asia Insurance (Singapore) Pte. Ltd. on 30 April 2025.

Duly executed by the Parties

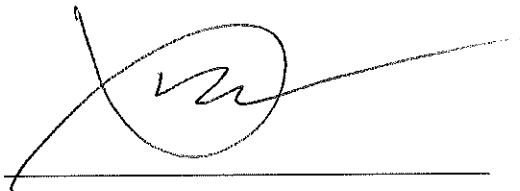
Dated 13 March 2026



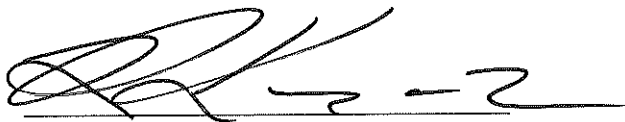
Signed by: Kee Eng Khor

For and on behalf of

**DIRECT ASIA INSURANCE
(SINGAPORE) PTE. LTD.**



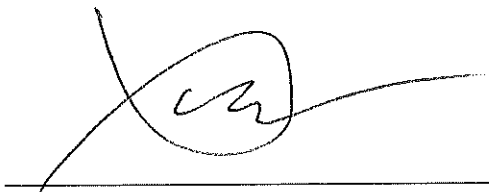
Witnessed by: Laura Cheng



Signed by: Ram Shanker Kangatharan

For and on behalf of

**AUTO & GENERAL INSURANCE
(SINGAPORE) PTE. LIMITED**



Witnessed by: Laura Cheng