LPI CAPITAL BHD
196201000175 (4688-D)

EMPOWERING GROWTH,

SECURING FUTURES

Integrated Annual Report 2024

INSIDE THIS REPORT

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EMPOWERING GROWTH, **SECURING FUTURES**

The visual elements of the cover have been carefully designed to encapsulate the essence of LPI Capital's mission and values. The bird-inspired abstract shapes, characterised by their movement in flight, reflect the themes of freedom, elevation, and ambition. These shapes not only symbolise the Company's forward-thinking ethos but also illustrate LPI Capital's commitment to helping stakeholders soar to new heights. This imagery effectively conveys a message of growth and progress, aligning with the Company's objectives.

The soft, gradient background shifts from light beige to a calming teal-blue. This transition suggests a journey from a stable foundation to broader horizons, reinforcing the ideas of progress and security.

In summary, the upward-moving, bird-like shapes symbolise LPI Capital's role in empowering growth and guiding clients towards success. The harmonious flow of the design suggests a nurturing environment, reflecting the integrated approach the Company takes to safeguard the prosperity and well-being of its stakeholders. Together, these visual elements create a compelling representation of LPI Capital's vision and commitment to excellence, inviting all stakeholders to embark on a journey of growth and opportunity.

Scan this QR code to find out more about our Integrated Annual Report from our website.

VISION

To be the preferred premier insurance solutions provider.

CORPORATE MISSION

Our primary focus is to provide innovative insurance products supported by customer centric service excellence. We aim to provide our insured an easy channel for all their insurance needs.

Our brand is representative of the way we conduct ourselves and the approach to organisational development. We aim to create an environment for our people that is fair, caring and accountable.

Our drive is to create value for our stakeholders, anchored to our vision and corporate mission. We strive for sustainability through financial and technical strength based on recognised and proven standards.

OUR CORE VALUES

Represent the way we conduct ourselves and our responsibilities to our insured, our stakeholders, our people and our community.

- **L** Aspire to be the **LEADER** in the insurance industry in Malaysia and in the region.
- **O** Commitment to **OPERATIONAL EXCELLENCE** guided by integrity and professionalism.
- **N** Creating **NEW AND INNOVATIVE** market-relevant insurance products.
- **P** **PROVIDING** a fair, caring and merit based working environment.
- **A** **ADOPTING** a proactive and accountable approach to stakeholders.
- **C** **CRAFTING** a premier insurance brand identified for good corporate governance and corporate responsibility.

BASIS OF THIS REPORT

BASIS OF THIS REPORT

LPI Capital Bhd's ("LPI") 2024 Integrated Annual Report ("IAR") provides a detailed overview of the business activities of LPI Capital Bhd and its wholly owned subsidiary, Lonpac Insurance Bhd (collectively referred to as "the LPI Group" or "the Group"). As a publicly traded company listed on the Bursa Malaysia stock exchange, this report has been prepared in accordance with the regulations set out by Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR") and aligns with the International Integrated Reporting Council's ("IIRC") Integrated Reporting <IR> Framework as well as other international reporting standards.

In addition to the Group's financial performance data for the financial year ended 31 December 2024, the report highlights the Group's initiatives to build sustainability into its activities, as well as its overall governance track record. Detailed discussions of these activities can be found on page 56 of this report. The Group reaffirms its commitment to providing a comprehensive and transparent report that thoroughly assesses its role in value creation as a leading insurance provider in Malaysia, as well as some insight into the Group's processes and future prospects.

REPORTING SCOPE AND BOUNDARY

The scope and boundaries of this report are guided by the MMLR and the <IR> Framework, ensuring compliance with both local and international disclosure standards. This report aims to provide stakeholders with a holistic understanding of the LPI Group's activities and future outlook across short, medium, and long-term horizons. It includes insights into the Group's value creation processes, financial performance for the year under review, strategic business direction, initiatives related to environmental, social, and governance concerns, as well as future goals and prospects.

RESPONSIBILITY FOR PREPARING THE IAR

The Board of Director's ("Board") objective is to give shareholders a fair, balanced and understandable assessment of the Group's position and performance, business model and strategy. The Board is also responsible for maintaining adequate accounting records and seeks to ensure compliance with statutory and regulatory obligations to manage or mitigate risk in line with the Group's risk strategy.

The Directors confirm that they consider the IAR, taken as a whole, to be fair, balanced and understandable, and provides information shareholders need to assess the Group's position, performance, business model, and strategy. The Group implements several processes to help the Board arrive at its assessment of this report, including:

- Oversight from Management in the production of the IAR
- A validation process ensuring the factual accuracy of the IAR
- An Audit Committee review of all contents reported in the IAR

You can find an explanation from the Directors about their responsibility for preparing the financial statements in the Statement of Responsibility by Directors on page 154.

KEY CONCEPTS AND DEFINITION

This integrated report is guided by several key concepts defined below:

Materiality

Materiality is defined as "the principle of identifying and assessing a wide range of sustainability matters, refining them to focus on what is most important to the company and its stakeholders." In other words, materiality involves identifying, evaluating, and addressing issues that significantly impact the sustainability of the LPI Group and its stakeholders. These material matters encompass the legitimate needs and interests of various stakeholders, including shareholders, employees, regulators, and customers. Adhering to the principle of materiality ensures that the information presented in this report accurately reflects the impact and outcome of the Group's value creation activities, including activities designed to maintain the sustainability of the Group, in relation to its stakeholders. Furthermore, this principle ensures that disclosures are limited to outcomes relevant to the Group's stakeholders.

Sustainable Development

The Group is committed to the principle of sustainable development which stipulates that the Group's current activities should not compromise the value-creation ability of future generations. This principle is aligned with those found in the United Nations Sustainable Development Goals ("UN SDGs") and has been integrated into the 12th Malaysia Plan. In line with this commitment, the LPI Group has incorporated the UN SDGs into its Sustainability Blueprint and has committed itself to advancing four specific goals, details which can be found on page 11.

Value Creation

The Group's business activities are focused on generating value for its stakeholders. These activities consume and deplete capital inputs during the value creation process, necessitating trade-offs to determine the most effective ways of creating value while observing the principle of sustainable development. Value can be understood in both financial and non-financial terms.

To ensure sustainable value creation, some of the Group's activities are aimed at replenishing capital inputs, while others deliver outcomes for stakeholders. For instance, certain activities are directed towards replenishing financial capital essential for other value creation efforts, such as paying dividends and salaries, and marketing products and services. The Group's value creation model is illustrated in greater detail on page 49 of this report.

Integrated Thinking

The IIRC defines integrated thinking as "the connectivity and interdependencies between the range of factors that affect an organisation's ability to create value over time." This encompasses several considerations:

- The capitals the Group uses or impacts, along with the critical interdependencies and trade-offs between them.
- The Group's capacity to respond to the legitimate needs and interests of key stakeholders.
- The way the Group tailors its business model and strategy in response to its external environment, risks, and opportunities.
- The Group's activities, performance (both financial and otherwise), and outcomes concerning the capitals for the past, present, and future.

REPORTING FRAMEWORKS

The preparation of this report has been guided by the following reporting frameworks:

- The International Integrated Reporting <IR> Framework
- The Malaysian Code on Corporate Governance
- Bursa Malaysia Securities Berhad's Main Market Listing Requirements
- Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (3rd Edition)
- Malaysian Companies Act 2016
- MFRS Accounting Standards issued by the Malaysian Accounting Standards Board
- IFRS Accounting Standards issued by the International Accounting Standards Board
- The IFRS Sustainability Disclosure Standards
- The Global Reporting Initiative Sustainability Standards
- The Sustainable Accounting Standards Board Standards
- The AA1000 AccountAbility Principles

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements discussing the Group's plans, objectives, expectations, future financial condition, performance, results and estimates of future cash flows and costs. As projections of future conditions, the accuracy of these statements cannot be absolutely guaranteed as they relate to future events and circumstances, including economic and business conditions, market fluctuations, policies and actions of regulatory authorities, actions of competitors, as well as the impact of tax and other legislation and regulations in the operating jurisdictions.

Due to these variables, actual future financial condition, performance, and results may differ materially from the plans, goals and expectations set forth in this integrated report. It is important to note that the Group has no obligation to update the forward-looking statements contained in this document or any other forward-looking statements should the operating conditions change. Nothing in this report shall constitute an offer to sell or the solicitation of an offer to buy securities.

BOARD APPROVAL

LPI's Board provides assurance that all efforts have been made to provide a thorough and comprehensive disclosure of our activities undertaken during the year under review. This report was prepared in line with the guidelines provided by Bursa Malaysia Securities Berhad as well as the <IR> Framework, and the report has been reviewed and endorsed by LPI's Board. The Board is represented on the Sustainability and Integrated Reporting Committee by its Executive Director, Mr. Tan Kok Guan.

FEEDBACK

The Group welcomes all questions or comments regarding the contents of this report. Please email all correspondence to ir@lonpac.com.

WHO WE ARE & WHAT WE DO

WHO WE ARE & WHAT WE DO

Established on 24 May 1962 as the London & Pacific Insurance Company Berhad, LPI Capital Bhd ("LPI") is an investment holding company listed on Bursa Malaysia Securities Berhad ("Bursa Securities"). LPI was granted approval as an insurer on 9 April 1963 under the Malaysian Insurance Act 1963 and listed on the former Second Board of the Malaysian stock exchange on 8 January 1993. It transitioned to the Main Market of Bursa Securities on 17 January 1997.

On 1 May 1999, LPI streamlined its Malaysian and Singaporean insurance interests by transferring them to its wholly owned subsidiary, Lonpac Insurance Bhd ("Lonpac"), which continues to serve as the Group's operational arm for insurance in these markets. In Cambodia, LPI's insurance operations are managed by Campu Lonpac Insurance Plc, in which it holds a 45% stake.

LPI Group stands as a leading general insurance provider in Malaysia, boasting a legacy of over 60 years in the industry. The Group has also expanded into Singapore and Cambodia, both of which present promising growth opportunities. LPI Group remains competitive in Singapore's challenging market and is steadily building its presence in Cambodia.

OUR VALUE PROPOSITION

The LPI Group has been recognised for its reliability and commitment to customer satisfaction. Its customer-focused strategy and strong track record in corporate ethics and governance have solidified its reputation in the marketplace. Its approach to growth, which prioritises prudence, sustainable growth, and innovation, ensures that LPI Group remains a relevant and trustworthy insurer despite changes in the Malaysian operating environment. Key offerings for stakeholders include:

Diverse Portfolio of Products and Services

Through Lonpac, LPI provides a wide array of insurance solutions tailored to diverse customers, from individual policies to large-scale industrial underwriting. The Group understands the varied needs and risk appetites of its customers, emphasising accessibility, affordability, and customisation in its offerings. To maintain these high standards, LPI Group conducts thorough market research and collaborates with its partners, such as its agents and financial institutions.

While the Group focuses on specific business segments aligned with its strategic goals, it is also committed to the holistic development of its entire portfolio of insurance business. This currently comprises the following areas:

- Employee Benefits
- Health Insurance
- Liability Insurance
- Motor Insurance
- Marine Insurance
- Pecuniary Insurance
- Personal Accident Insurance
- Project Insurance
- Property Insurance
- Trade Credit Insurance

Extensive Distribution Network and Reach

The LPI Group boasts a robust distribution network supported by well-trained agents who deliver comprehensive insurance solutions to all customer segments. These agents play a vital role in helping clients identify and secure the necessary coverage for their homes, families, and businesses. Additionally, they function as invaluable feedback channels that help the Group further enhance and tweak its insurance operations.

Through collaborations with government and industry partners, including local and international insurers and reinsurers, the Group is able to offer specialised coverage and provide underwriting for large-scale projects. The Group's risk management is backed by in-house actuarial and research teams, which collaborate with partners to accurately price risks and identify new business opportunities, including sustainability and climate-related initiatives.

WHO WE ARE & WHAT WE DO

WHO WE ARE & WHAT WE DO

Extensive Distribution Network and Reach (Con't)

The integration of digital technology has further enhanced LPI Group's reach, strengthening its distribution and communication capabilities, especially in mobile and online platforms. This digital transformation appeals to tech-savvy customers seeking more control over their insurance management. To support this shift, the Group has enhanced its IT resources to establish robust digital distribution channels.

Currently, the Group operates 21 Lonpac branches across Malaysia and one in Singapore, along with an associated company in Cambodia through Campu Lonpac Insurance Plc.

Unrivalled Customer and Stakeholder Support

For over 60 years, the LPI Group has prioritised customer and stakeholder satisfaction, viewing it as essential for operational sustainability. The Group invests in training and equipping its staff to build lasting relationships and deliver top-notch service. Trust, fostered through reliable and efficient service, is the cornerstone of the insurance industry.

LPI Group places great importance on managing insurance claims, recognising that claims often arise during stressful circumstances. The Group strives to expedite the claims process to minimise disputes and resolve issues swiftly, benchmarking performance against internal standards and regularly assessing open claims.

Additionally, the Group is committed to improving communication channels with customers through various accessible platforms. The dedicated Customer Service Centre and online touchpoints serve to inform customers about products and collect feedback. Customers can also utilise self-service features via LPI's web portal to manage their policies more effectively.

Some of the exclusive services available to Lonpac customers include:

1. **Lonpac E-Assist:**
   24-hour emergency car assistance, including roadside repairs and towing for specific policyholders.
2. **Lonpac Home-Assist:**
   Home repair and maintenance referrals for select policyholders.
3. **Lonpac Travel Assist:**
   Medical and emergency support for travellers under selected policies.

The Group's web portal also serves as a critical contact point for corporate stakeholders, providing transparency and necessary information for investors and shareholders to assess the Group's capabilities. This integrated annual report is part of LPI's commitment to delivering relevant financial insights to its stakeholders.

Local Expertise and Development

As one of Malaysia's largest locally-owned insurers, LPI Group plays an important role in fostering local insurance expertise and ensuring the general insurance market's sustainability. The Group believes that an in-depth understanding of local culture and business values is irreplaceable, and therefore prioritises the recruitment and development of local talent as part of its strategic commitment. Local expertise is crucial in the insurance industry as circumstances and operating conditions can vary significantly between locales, and local subject matter experts may have a more thorough understanding of the inherent risks of a specific location or business. Thus, the Group's customers can always be assured that their risk profile is always being analysed by a local expert who has the experience and familiarity to adequately manage their exposure.

Our focus on developing local expertise is facilitated through a top-down approach, where leaders in the Group are appointed from a pool of individuals who have demonstrated a strong commitment to the Group's values, as well as the necessary contextual and technical knowledge needed to build strong relationships with stakeholders. This is further supported by a comprehensive training and professional development plan for employees and agents, which in turn contributes to the growth of the insurance profession in the country.

2024 KEY HIGHLIGHTS

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AWARDS AND RECOGNITION

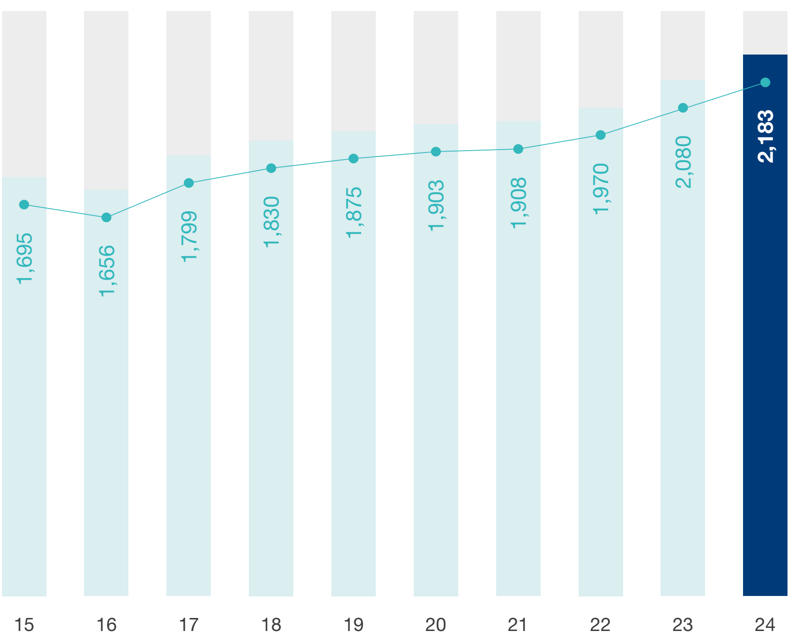
ESG Social Impact Recognition 2024

No. of Employees
852

No. of Policies Issued per employee
2,320

NON-FINANCIAL HIGHLIGHTS

Gross Written Premiums Income Per Employee (RM'000)



FINANCIAL HIGHLIGHTS

Insurance Revenue (RM billion) — **1.78**

Gross Written Premiums (RM billion) — **1.86**

Profit Before Tax (RM milion) — **474.1**

Return On Equity (%) — **15.6**

Net Dividend Per Share (sen) — **80.0**

SUSTAINABILITY HIGHLIGHTS

ENVIRONMENTAL

2.4 tCO_2e Greenhouse Gas Emissions per million Group's revenue

Waste of the Group directed to disposal reduces by 24% as compared to 2023

50% of the Group's fire and motor documents are in softcopy

No direct business or act as the lead insurer for the oil and gas sector, coal mines or coal power plants

SOCIAL

Achieving the Group's customer policy renewal/ retention ratio of **80%**

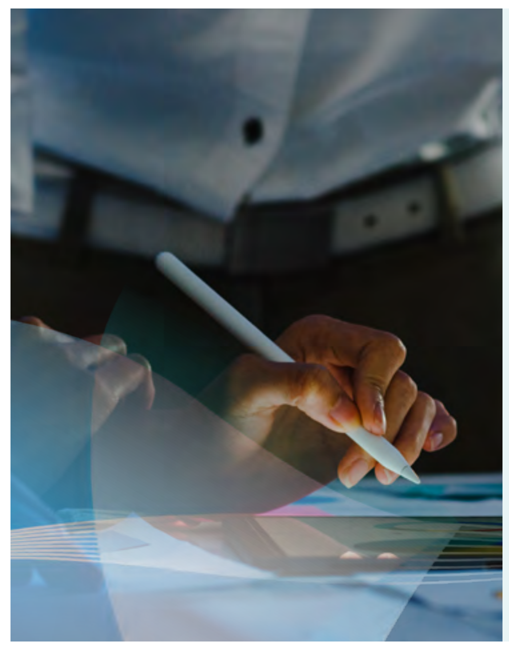
33% of representation of women in Board of Directors

No incident of substantiated complaints concerning human rights violations against the Group

Average of 33 hours of training per Group employee

98% of the Group's spending directed towards **local suppliers**

66% of Group's investment portfolio **consists of sustainable assets**



GOVERNANCE

A.M. Best reaffirmed its Financial **Strength Rating of A (Excellent)** and the **Long-Term Issuer Credit Rating of "a" (Excellent)** for Lonpac with a stable outlook

No incident of bribery or corruption related to the Group reported during the year

No incident of cyber encroachments, substantiated complaints on breaches of customer privacy and loss of confidential data for the Group

No monetary loss by the Group due to legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers

98% of Group employees received thorough **training on anti-bribery and corruption**

100% of Group's operations assessed for **corruption-related risks**

GROUP CORPORATE STRUCTURE

AS AT 31 DECEMBER 2024

LPI CAPITAL BHD

Malaysian Company

Lonpac Insurance Bhd
Underwriting of General Insurance

100%

Overseas Company

Campu Lonpac Insurance Plc
Underwriting of General Insurance

45%

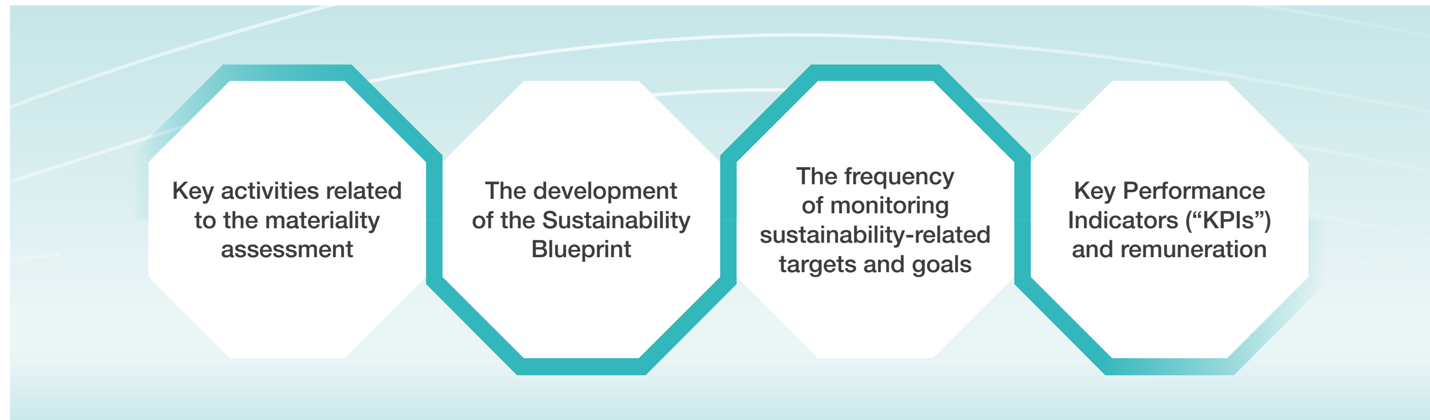
Notes:
- The companies reflected above are operating subsidiary/ associated companies.
- The full list of companies under the LPI Group is set out in Notes 6 and 7 to the Financial Statements on pages 181 to 182 of this Integrated Annual Report.

OUR APPROACH TO SUSTAINABILITY

THE LPI GROUP SUSTAINABILITY FRAMEWORK

The sustainability initiatives of the LPI Group are guided by the LPI Group Sustainability Framework, which is continuously adjusted and refined to adapt to the changing risk and operating environment. The Framework is subsequently tabled to LPI's Board of Directors ("Board"), who are responsible for reviewing and approving its contents. This Framework serves as the formal structure overseeing the Group's sustainability efforts and steers the Group's sustainability programme to align it with regulatory standards and practices. The activities and objectives outlined in the Framework are articulated as goals in the LPI Group Sustainability Blueprint.

In the area of governance, the Framework defines the principles that guide sustainability management within the Group. These principles are applicable to:



The Framework is the culmination of the Group's decade-long efforts to enhance the comparability and transparency of its sustainability practices, which enable stakeholders to better understand the challenges, risks and opportunities faced by the Group. The overarching objective of the Group's sustainability initiatives is encapsulated in the following sustainability statement:

The Group is committed to providing innovative, affordable, yet sustainable products and services while preserving the environment and improving the overall well-being of its stakeholders with good corporate governance and business transparency.

The Group has embraced the theme "Reshaping the World with Sustainable Solutions" as the motto for its sustainability programme, reflecting its ideals as both a provider of insurance solutions and a proponent of sustainability. This commitment is further specified into the following Focus Areas, which are aligned with the United Nations' Sustainable Development Goals ("UN SDGs") programme:

SDG 8: Decent Work and Economic Growth

The Group is committed to contributing to the overall well-being of its stakeholders, including, but not limited to, the growth of their wealth and providing a safe and secure working environment for the employees. This UN SDG has been selected as employees are the backbone of the Group and a vital input in all the Group's value creation activities.

SDG 11: Sustainable Cities and Communities

The Group is committed to delivering high-quality, affordable and accessible insurance products and services for all stakeholders. Through its insurance offerings, the Group fosters financial resilience in the wider community by offering protection against unforeseen events or disasters. In doing so, the Group contributes to the development of sustainable cities and communities, while helping consumers manage their financial risks.

OUR APPROACH TO SUSTAINABILITY

SDG 13: Climate Action

The Group is committed to contributing to the climate agenda through its activities. As a leading general insurer in Malaysia, climate change significantly affects the Group's overall business performance. As a responsible investor and business operator, the Group supports the climate agenda by making responsible investments and offering sustainable insurance solutions to its customers.

SDG 16: Peace, Justice and Strong Institutions

The Group is dedicated to transparency, good corporate governance, and accountability. The Group's excellent track record over the years has significantly contributed to its success, as well as its stellar reputation in the Malaysian insurance market. In practice, this means prioritising exemplary corporate governance, ethics, integrity, and corporate responsibility.

SUSTAINABILITY GOVERNANCE

The Group's sustainability efforts are guided by the Sustainability Blueprint, which serves as the foundation for the Group's sustainability initiatives. LPI's Board oversees the overall development and execution of the Blueprint together with the support of the LPI's Risk, Compliance and Sustainability Committee ("RCSC").

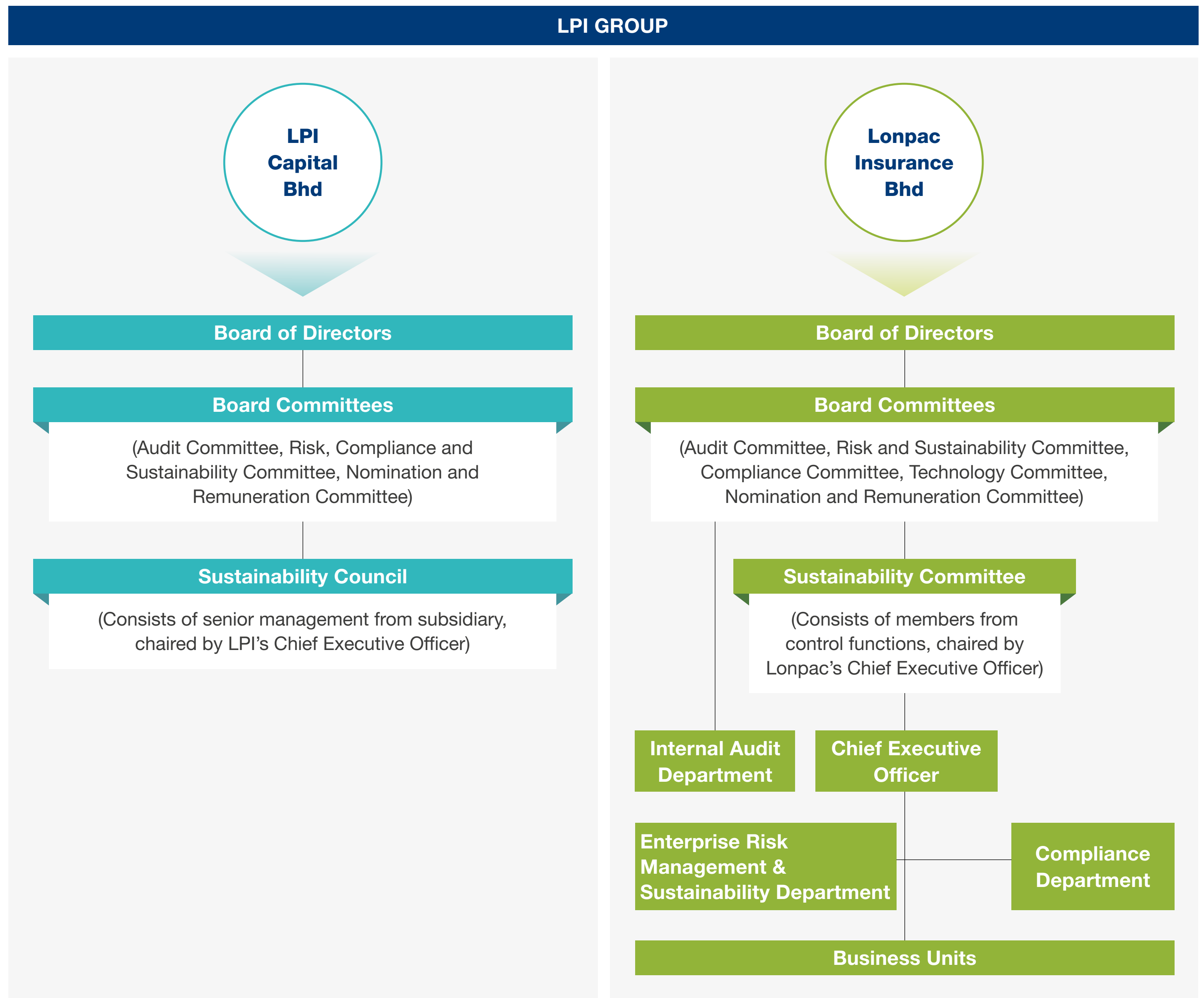
Similarly, Lonpac's Sustainability Blueprint is aligned with the Group's overarching Sustainability Blueprint and is likewise overseen by Lonpac's Board, and is supported by the Lonpac's Risk and Sustainability Committee ("RSC"). Both LPI's and Lonpac's Boards are responsible for the overall governance and implementation of their respective Sustainability Blueprints. Two management bodies further support these committees: the Sustainability Council at the Group level, and the Sustainability Committee at the executive level, with the latter being operationally focused within Lonpac.

Both the RCSC and RSC report directly to their respective boards, which contains an overlapping member to ensure alignment in the Group's overall sustainability plan. The following summary outlines the LPI Group's sustainability management structure and operating procedures, and should be read in conjunction with the governance structure below.

- **LPI's Board and Board Committees:** Responsibilities include incorporating sustainability elements into their respective terms of reference. LPI's Board is ultimately responsible for setting the Group's strategic direction on sustainability, and is supported by various Board Committees.
- **Sustainability Council:** The Sustainability Council is made up of members of senior management from the Group, and is led by LPI's Chief Executive Officer who assists the RCSC with the strategic management of the Group's key sustainability issues.
- **Sustainability Committee:** Led by the Chief Executive Officer of Lonpac, this committee comprises members from control functions within Lonpac who aid the RSC to ensure the effective implementation of Lonpac Sustainability Blueprint and policies.
- **Enterprise Risk Management & Sustainability ("ERMS") Department:** This Department is responsible for the daily implementation of the Group's sustainability strategies and plans. It is also responsible for identifying and escalating sustainability and climate-related risks and opportunities to senior leadership while overseeing the integration of sustainability and climate-related matters into business strategies and processes.

OUR APPROACH TO SUSTAINABILITY

- **Capacity-Building Programmes:** Members of both LPI's and Lonpac's Boards regularly participate in training programmes to stay informed about sustainability management, particularly regarding climate-related risks and opportunities.
- **Sustainability-related Key Performance Indicators ("KPIs"):** These KPIs are incorporated into the performance evaluation scorecards of the Boards, senior management, and employees across the Group.
- **Periodic Assessments:** Both Boards are committed to regularly evaluating the sustainability-related competencies to enhance their leadership and oversight of sustainability matters.



LPI Group Sustainability Governance Structure

OUR APPROACH TO SUSTAINABILITY

OUR APPROACH TO SUSTAINABILITY

ROLES AND RESPONSIBILITIES

LPI's leadership is essential for ensuring that the Group adheres to its sustainability principles. For the Group as a whole, Board oversight and participation play a vital role in managing organisational sustainability. The specific responsibilities of leaders within the organisation are outlined below:

LPI GROUP LEVEL

Board of Directors

- Oversees sustainability-related management, including climate-related policies within the Group.
- Reviews and approves the Group's sustainability framework, aligning it with the Group's core values and vision.
- Oversees the development and approval of the Group's sustainability blueprint.
- Ensures the transparency and accuracy of sustainability-related disclosures.
- Links the remuneration of key personnel to the Group's sustainability performance.

Sustainability Council

- Oversees the implementation of the Group's sustainability blueprint, including overall strategy and KPIs.
- Evaluates the Group's sustainability performance against established KPIs.
- Ensures effective execution of the Group's sustainability framework and policies.
- Conducts materiality assessments and stakeholder prioritisation assessments.

LONPAC INSURANCE BHD

Board of Directors

- Oversees the development and approval of the Lonpac's sustainability blueprint, ensuring alignment with the Group's sustainability blueprint.
- Manages sustainability and climate-related issues within Lonpac.
- Ensures adequate resources and effective processes for implementing sustainability-related strategies.

Sustainability Committee

- Oversees the implementation of the Lonpac's sustainability blueprint, including strategy and KPIs.
- Ensures effective execution of Lonpac's sustainability and climate-related framework and policies.

DEPARTMENTAL ROLES

In addition to the Board's role in sustainability management, the LPI Group employs the Three Lines Model to outline the organisational roles of each department in managing sustainability. The model can be described along the following lines:

BUSINESS UNITS (FIRST LINE OF DEFENCE)	Business units are the Group's first line of defence, integrating sustainability-related matters into their operations as outlined by the Group's sustainability strategy and goals. They are also responsible for managing sustainability and climate-related risks and opportunities within their scope, and providing necessary support to the ERMS Department for sustainability-related reporting and disclosures.
ENTERPRISE RISK MANAGEMENT & SUSTAINABILITY DEPARTMENT AND COMPLIANCE DEPARTMENT (SECOND LINE OF DEFENCE)	The second line of defence comprises the ERMS Department and the Compliance Department. The ERMS Department is responsible for addressing, communicating, and coordinating the Group's sustainability strategies and goals, including the Group's and Lonpac's sustainability blueprints. It tracks and monitors sustainability and climate-related performance and reports risks and opportunities up the management chain while overseeing the integration of sustainability into the Group's business strategy and processes. The Compliance Department ensures that the Group's activities and disclosures meet sustainability-related, legal and regulatory requirements, including those related to climate.
INTERNAL AUDIT DEPARTMENT (THIRD LINE OF DEFENCE)	Internal Audit ensures the integrity of the Group's sustainability-related financial and non-financial disclosures.

SUSTAINABILITY PROCESS

The Group has formalised its sustainability process to ensure its sustainability aims and methodologies remain relevant in a rapidly changing environment. The process, briefly outlined, is as follows:

1. The Sustainability Council conducts regular sustainability assessments, including stakeholder prioritisation and materiality assessments, every two years to identify changes in stakeholder groups and material matters.
2. The sustainability blueprints are reviewed, updated, validated, and approved by both LPI's and Lonpac's Boards at least once every two years.
3. LPI's sustainability blueprint identifies material sustainability matters, sustainability plans and strategies, and sustainability-related targets and goals for the Group.
4. Both the Sustainability Council and Sustainability Committee meet at least once each quarter to discuss the Group's sustainability performance and emerging sustainability risks and opportunities.
5. The Sustainability Council and Sustainability Committee provide performance updates against sustainability targets and goals to both the LPI's Board and Lonpac's Board every quarter.
6. LPI's Board regularly reviews the Group's Sustainability Framework to ensure that it remains relevant and complies with regulatory requirements.

NOTE FROM THE CHAIRMAN

NOTE FROM THE CHAIRMAN

DEAR STAKEHOLDERS,

On behalf of the Board of Directors ("Board") of LPI Capital Bhd ("LPI"), I am pleased to share our strategies and expectations for the years ahead. The year 2024 was marked by significant opportunities and challenges, but both were managed effectively, positioning LPI for continued growth and success into the future.

Mr. Tee Choon Yeow
Non-Independent
Non-Executive Chairman

LPI: A SUBSIDIARY OF PUBLIC BANK BERHAD

LPI became a subsidiary of Public Bank Berhad ("PBB") following the completion of a corporate exercise in 2024. Although the new ownership structure has not had an immediate impact on our day-to-day operations, we are optimistic that there will be substantial economic synergies from the merging of PBB's deeply-rooted presence in the Malaysian banking sector with LPI's expertise and reputation in the insurance field. As a new member of the PBB corporate family, we see greater growth opportunities which leverage PBB's extensive customer base to expand and innovate our insurance offering. Additionally, PBB is a long-time business partner of the Group, and shares common roots with us as both LPI and PBB were founded by the late Tan Sri Dato' Sri Dr. Teh Hong Piow. On behalf of the Board, I would like to restate our commitment to our shareholders that we will continue to work with your best interests in mind as we begin this new leg of the Group's journey.

PERFORMANCE REVIEW

The overall performance in 2024 was particularly encouraging with results indicating a stable and healthy trajectory for LPI, due mainly to the performance of its wholly owned subsidiary, Lonpac Insurance Bhd ("Lonpac"). Gross premiums showed reasonable growth and improved profits due to enhanced underwriting results and favourable investment outcomes.

Operating Revenue
(RM billion)

1.93

(2023: RM1.91 billion)

Earnings Per Share
(sen)

94.7

(2023: 78.8 sen)

Profit Before Tax
(RM million)

474.1

(2023: RM394.9 million)

Insurance Revenue
(RM billion)

1.78

(2023: RM1.78 billion)

Due to the favourable economic climate and positive claims outcomes, LPI and Lonpac (collectively known as "the LPI Group" or "the Group") delivered an impressive performance in the financial year ended 31 December 2024 ("FY2024") with Profit Before Tax increasing substantially by 20.1% to RM474.1 million from RM394.9 million in FY2023. The better performance was driven by an improved Insurance Service Result contributed by Lonpac. Overall, the Group's operating revenue registered a 1.0% growth to RM1.93 billion from RM1.91 billion in the previous year. For the year as a whole, LPI achieved a net Return on Equity ("ROE") of 15.6% and Earnings Per Share ("EPS") of 94.7 sen, reflecting an increase from 13.7% and 78.8 sen seen in FY2023, respectively.

In view of the improved performance, the Board is delighted to announce a second interim single-tier dividend of 50.0 sen for the financial year ended 31 December 2024. This brings LPI's total dividend payout for the year to 80.0 sen per share, reflecting the Group's commitment to rewarding the shareholders.

Underwriting Performance

Despite Lonpac's Insurance Revenue remained unchanged at RM1.78 billion, the Insurance Service Result improved during the year under review to RM377.8 million from RM293.7 million reported in FY2023. While insurance service expenses had risen by RM230.9 million to RM1,057.9 million from RM827.0 million in FY2023, it was compensated by the net expenses from reinsurance contracts held at RM345.9 million, a reduction from RM661.2 million in FY2023.

Another marker of profitability, the Management Expenses Ratio has improved during the year, decreasing to 19.6% from 20.7% in 2023. Lonpac's Combined Ratio for 2024 improved to 72.2%, against the industry ratio of 94.1% for the period of January to September 2024, reflecting Lonpac's greater efficiency and profitability of its business mix compared to industry peers.

The key driver of Lonpac's enhanced Insurance Service Result is due to a more supportive operating environment, which has benefited from the robust recovery in the Malaysian economy seen over the last 12 months. According to Bank Negara Malaysia ("BNM"), the Malaysian economy is expected to expand between 4.8% and 5.3% in 2024,[1] which is an improvement over the 3.7% recorded in 2023. A primary catalyst is the resurgence of investments in the country, with the Malaysian Industrial Development Authority reporting total approved investments of RM160 billion in the first half of 2024, an 18% increase from the RM135.6 billion seen in the first half of 2023.[2] Of this total, RM74.6 billion came in the form of foreign direct investment, and RM85.4 billion in the form of domestic direct investment. The higher value of approved investments signals a renewed confidence in the Malaysian economy.

The higher level of economic activity—particularly in the infrastructure development—has driven Malaysia's general insurance sector forward, with demand for project insurance coverage growing alongside the increased number of new projects. For instance, BNM's data shows that new business premiums in the insurance industry recorded double-digit growth in the first half of 2024 surpassing the RM20 billion mark.[3] The normalisation of claims post pandemic throughout the industry has also helped support profitability, which reverses the industry-wide trend of deteriorating claims ratios seen in the recent years.

1 https://theedgemalaysia.com/node/734095
2 https://www.mida.gov.my/wp-content/uploads/2024/09/Malaysia-Investment-Performance-1H-2024-ENG-NEW-LR.pdf
3 https://theedgemalaysia.com/node/727086

NOTE FROM THE CHAIRMAN

NOTE FROM THE CHAIRMAN

As for Lonpac's performance compared to the industry, Lonpac's ranking was unchanged from previous year, remaining 6th position in terms of Gross Direct Premiums (Motor & Non-Motor), according to the Insurance Services Malaysia Berhad's Statistical Bulletin for the January to September 2024 period.

Lonpac's performance within the industry is a further testament to the strength of its balance sheet and the success of its business strategy, and this was externally validated by A.M. Best, a globally recognised credit rating agency.

According to its most recent evaluation of Lonpac, A.M. Best affirmed Lonpac's Financial Strength Rating of A (Excellent) and its Long-Term Issuer Credit Rating of "a" (Excellent). The outlook of these ratings is stable, according to the agency. Key advantages that contributed to the strong rating include:

- Lonpac's risk-adjusted capitalisation, which was at the A.M. Best's strongest level at the time of the publication of the report,
- Strong capital growth from retained earnings, and
- Lonpac's conservative investment portfolio comprising cash, bonds and debt-focused unit trust funds.

A.M. Best goes on further to cite the strength of Lonpac's underwriting and investment performance as indicators of operational sustainability over the short- and medium-terms.

Investment Performance

The Group's investment portfolio performance remained positive in FY2024 with investment income increasing to RM145.1 million as compared to RM123.5 million in the previous year. Investment income has been driven by higher interest rates over the past several years, but this is not expected to continue going forward in light of the recent decision by the US Federal Reserve to start lowering interest rates. As such, the Group's investment portfolio has been rebalanced to focus more on long-term returns but this will be reviewed as and when necessary.

THE OPERATING ENVIRONMENT IN 2024

The economic conditions in Malaysia significantly influenced the Group's performance in 2024. The country experienced a notable uptick in Gross Domestic Product growth, driven by increased Foreign Direct Investment and the surge in infrastructure projects. This has led to heightened demand for insurance products, particularly in the engineering and heavy industry sectors. In FY2024, Lonpac's coverage of engineering and heavy industry projects rose 11.9% to RM132.5 million from RM118.4 million a year ago, reflecting the higher level of development activities in the country.

While the Group has embraced the opportunities presented by this economic growth, it continues to maintain a cautious and prudent approach despite the relatively favourable operating environment. The unpredictable nature of external factors can complicate forecasting, and though the Group is currently riding the wave of positive economic sentiment, there are no guarantees that this will not change.

The Group's business philosophy prioritises long-term growth and sustainability over short-term gains. This commitment has been essential to the Group's enduring success. Currently, the Group faces key challenges in the form of global economic volatility, the ongoing liberalisation of the Malaysian general insurance sector, and worsening environmental issues. Recent years have demonstrated how factors such as the pandemic, inflation, political unrest, and trade disruptions can rapidly alter the operating landscape, affecting demand for insurance and claims frequency. The long-term sustainability of the Group depends on the effective management of these challenges through prudent underwriting and superior customer service.

Global Economic Volatility

The global economy was expected to expand by 3% in 2024, with the International Monetary Fund projecting growth of about 3.2%.[4] Meanwhile, the World Bank has a lower estimate of 2.6% although it notes that growth is showing signs of stabilising.[5] Nevertheless, the global economy remains in a precarious state owing to several factors, including inflation and worsening geopolitical tensions.

[4] https://mediacenter.imf.org/news/imf-world-economic-outlook-presser/s/a3cbed84-76a7-4026-baab-918189b3bd4b
[5] https://www.worldbank.org/en/news/press-release/2024/06/11/global-economic-prospects-june-2024-press-release#:~:text=Global%20growth%20is%20projected%20to,the%20decade%20before%20COVID%2D19

On inflation, after significant spikes in inflation rates in 2022 and 2023, many countries are starting to see signs of moderation. However, the path towards price stability is not uniform, with advanced economies, such as those in Europe and North America, seeing a gradual decrease in inflation rates. By contrast, emerging markets continue to grapple with persistent inflation, influenced by factors such as currency fluctuations and ongoing supply chain disruptions. Malaysia's inflation rate has remained stable despite the removal of diesel subsidies in 2024. It has remained at a manageable rate between 2% and 3%[6] in 2024, and BNM does not expect it to spike unless the Malaysian government imposes additional measures on subsidies and price controls. Global commodity prices and financial market developments may also have a future impact on inflation.

Inflation directly affects the insurance industry, as rising costs for goods lead to increased premiums for customers, potentially impacting their level of protection. Among Lonpac's businesses, inflation has a pronounced impact on the Health insurance, with the rising cost of medical treatment and equipment weighing in on the portfolio's profitability. According to BNM, the medical cost inflation rate in Malaysia was 12.6% in 2023, which is much higher than the global average of 5.6%.[7] Lonpac's long-term sustainability will depend not only on our ability to effectively managing these issues through technical underwriting, but also on helping customers to manage their coverage and protection in the best possible way. It is therefore essential to further enhance the Group's underwriting capabilities while maintaining open lines of communication with customers.

Meanwhile, ongoing geopolitical tensions will continue to impact global economic stability, particularly if the supply of oil from the Middle East is interrupted by the said tensions. Sanctions and disruptions to trade routes will also affect insurance operations, for example, those involved in providing maritime coverage. There is no indication that these tensions will stabilise in the foreseeable future, and the Group will continue to maintain a watchful eye on the developments and the risks they may pose.

Liberalisation of the General Insurance Sector

The Group has consistently supported the liberalisation of the general insurance industry and will continue to adapt its operations to meet current requirements. While the industry is currently at the tail-end of the liberalisation plan with BNM expecting insurers to begin moving into the final Phase 2B of the plan, the industry, as a whole, is still settling into the new competitive landscape with both new and existing players seeking to establish new footholds in the new regime. As such, the industry—and Lonpac—expects to see greater competitive pricing for both Fire and Motor products, as well as greater competition for market share.

While this may result in the erosion of rates and consequently the profit margins, the opposite may also prove to be the case as the new de-tariffed regime will offer greater rewards for greater creativities and innovations on the part of insurers. It will also encourage insurers to become more selective in their business mix—Lonpac has already seen the benefits from the greater flexibility that liberalisation provides—and will drive greater efficiencies to the benefit of the consumer. The Group remains supportive of BNM's liberalisation plan and will work together with both BNM and insurance industry at large—including intermediaries—to ensure that the implementation of Phase 2B will be carried out as smoothly as possible.

Environmental Challenges

Climate change is significantly reshaping the landscape for insurance providers, introducing challenges that directly impact their operations and risk assessment frameworks. As extreme weather events become more frequent and severe, insurers face escalating claims related to property damage, business interruption, and health risks. The growing unpredictability of natural disasters necessitates a re-evaluation of underwriting practices and pricing strategies, while also pushing providers to incorporate climate-related risks into their models.

Furthermore, the transition to a low-carbon economy compels insurers to consider the environmental impact of their investment portfolios, driving a shift towards sustainable practices. In this context, the ability to adapt and innovate becomes crucial for insurance companies aiming to remain resilient and competitive in an evolving market.

The Group is committed to promoting sustainability and implementing a plan to offer green coverage—insurance products specifically designed for environmentally friendly projects. While this new venture presents exciting opportunities,

[6] https://www.bnm.gov.my/-/monetary-policy-statement-09052024#:~:text=After%20incorporating%20the%20potential%20impact,3.0%25%20for%20the%20year%20respectively
[7] https://www.bnm.gov.my/-/mhit-req-en

NOTE FROM THE CHAIRMAN

it requires careful consideration of its implications and potential impacts on the Group's underwriting strategy. Nevertheless, the Group believes that pursuing this direction is essential for the future, and it must be approached thoughtfully to ensure it remains sustainable for both the Group and its stakeholders.

Stakeholders should also be aware that climate change significantly influences the Group's reinsurance activities. For example, after the devastating floods in 2021, reinsurance costs surged globally, and this would continue over the next two years. The whole structure has changed because of climate change, with overall rates going up at least by 30% since 2021. Additionally, its scope of coverage had reduced as risks from climate change continued to escalate. There may be some relief in the coming year now that US interest rates are coming down, which would encourage greater investor participation in the reinsurance market. As such, there should be a softening of rates in the reinsurance market compared to 2024.

FUTURE OUTLOOK AND STRATEGIC PRIORITIES

The Group anticipates a competitive operating environment in 2025. While the overall general insurance market will expand, increased competition from both established players and new entrants will weigh on Lonpac's performance. The ongoing reshaping of the industry, particularly the trend towards consolidating into larger companies, will reshape the competitive landscape. In response to these dynamics, Lonpac is committed to further reinforcing its Agency force, which has been the largest distribution insurance channel for the Group for many years. In addition, there will be greater emphasis on retooling the portfolio mix to focus on preferred and profitable segments.

Innovation remains a foremost priority for the Group, particularly in support of the Group's customers and intermediaries. This will involve the deployment of new insurance technology to ensure greater integration of the insurance value chain. This is also necessary in view of BNM's Phase 2B liberalisation plan where greater technological deployment is necessary to ensure seamless claims processes. Liberalisation will also require significant changes to the operational framework, as well as preparation and collaboration with various stakeholders.

Meanwhile, the Group's commitment to sustainability will remain paramount and proactive steps have been taken to integrate Environmental, Social, and Governance considerations into overall operational strategies and investment decisions. As Lonpac expands its services to provide coverage for electric vehicles and other green products, the Group will ensure that it does so in a sustainable manner. We will remain committed to our philosophy of controlled growth, ensuring that we pursue opportunities that align with our values and long-term goals. Together, we will continue to build a sustainable future for our company and the communities we serve.

ACKNOWLEDGEMENTS

On behalf of the LPI Board, I would like to extend our heartfelt appreciation to the dedicated Management and staff of the LPI Group for their unwavering commitment and hard work over the past years. We remain confident in the team's ability to navigate all obstacles, and there is anticipation for continued collaboration in the coming year. The Board would also like to express its gratitude to the network of agents and intermediaries, whose steadfast support has been invaluable. Their contributions as the vital link between our customers and the Group are deeply appreciated.

Special recognition goes to our loyal customers and shareholders, whose ongoing support has formed the solid foundation of growth for the Group over the years. The trust established is invaluable, and we aim to remain your reliable choice for insurance needs in the future. We also extend our appreciation to our regulators and governing authorities, particularly BNM, for their leadership in transforming the insurance industry into a more transparent, accountable, and better-governed sector. Finally, I would like to extend my personal thanks to my fellow Board members for their invaluable advice and contributions throughout the past year. Their guidance has been greatly valued.

Thank you for your continued support.

GROUP CEO'S MESSAGE

OVERVIEW

Malaysia's Gross Domestic Product is expected to grow between 4.8% and 5.3% in 2024, and this momentum is expected to continue through to 2025.[1] Driving the positive performance of the Malaysian economy is the resurgence of investment in the country, particularly in infrastructure development and renewable energy. As the Group is actively involved in underwriting engineering risks, construction projects, such as the Pan Borneo Highway, the upcoming Light Rail Transit and flood mitigation projects, are anticipated to be positive catalysts for the Group's prospects over the immediate-term.

Balancing the positive trend is the persistent threat of global economic instability. We must bear in mind that challenges persist in the wider economy, and Malaysia, as a trade-dependent nation, will be affected by macro factors such as global growth, inflation, and exchange rates. We also acknowledge the proactive stance of major economies such as those of China and the United States in navigating their economic policies, which may influence global dynamics. The actions of these economic giants will be crucial in shaping the global economic environment going forward.

While the strengthening Malaysian economy provides a buffer against some of the fallout in the event that operating conditions should deteriorate, we aim to proceed with caution and make all necessary preparations in line with the Group's philosophy of prudence in our underwriting and investments.

[1] https://theedgemalaysia.com/node/734095

GROUP CEO'S MESSAGE

GROUP CEO'S MESSAGE

As we look ahead to 2025 and beyond, our expectations for the operating environment reflect a blend of optimism and caution. From an economic perspective, we anticipate continued growth over the short-term, which suggests greater opportunities for businesses and additional demand for insurance products. However, this prospect of growth is also accompanied by heightened risk originating from both local and international sources.

THE GENERAL INSURANCE LANDSCAPE

The pattern of mergers and acquisitions observed over the last few years reflects a trend towards fewer but larger insurance companies. This consolidation could lead to stronger competitors who are better positioned to leverage economies of scale. Given this operating landscape, the competition for talent and market share has intensified, and we will be taking action to ensure that we have the resources and distribution reach necessary to stay relevant in the current environment. One of our main priorities, therefore, is to reinforce our agency network, not just in terms of agent numbers but also in terms of experience and expertise, particularly in emerging areas such as green products and data centre construction.

In terms of liberalisation, Bank Negara Malaysia ("BNM") has indicated that all insurers should start implementing the final Phase 2B of the plan, which will see greater price flexibility in the Motor business. Unique among its peers, Lonpac, through deliberate and careful management over the years, has shaped its Motor portfolio to secure greater profitability in this segment of business. As such, we have greater latitude to adapt our Motor offerings to capitalise on greater price flexibility and focus on other areas—such as value-added services, customer service and accessibility—to improve our competitiveness.

Meanwhile, we aim to focus on managing segments in our portfolio that have not performed as well, such as the Group's medical portfolio, which has been significantly impacted by medical inflation. This is not an issue that has affected Lonpac alone, but one that threatens the continued sustainability of the segment for the entire industry. Despite the complexity of the issues surrounding medical costs and coverage, we recognise that having sufficient medical coverage is a critical component of modern life, and we will work to ensure that we support our customers with the coverage they require.

Our initiatives in this area are in line with BNM's directives to provide better protection for vulnerable customers, particularly the Fair Treatment of Financial Consumers policy document released on 27 March 2024. The Group is in full support of the policy's aims of enhancing consumer protection, which in turn resonates with our commitment to sustainable and ethical business practices.

LONG-TERM PROSPECTS

Our Company philosophy emphasises steady, controlled growth rather than seeking rapid expansion. We focus on ensuring that our growth occurs in the right sectors, generating reasonable profits to foster sustainability. Long-term planning must also consider environmental, social, and governance ("ESG") factors. We are committed to making investments in sectors that align with our ESG goals, and we have set specific targets for percentage disclosures in this area.

As we prepare for 2025, we remain dedicated to a strategic approach that balances growth with responsibility, ensuring that we contribute positively to the economy while aligning with best practices in ESG. By staying focused on these principles, we aim to position ourselves for long-term success in a competitive and evolving marketplace.

FINANCIAL REVIEW

BUSINESS PERFORMANCE BENCHMARKS

Market position based on Gross Direct Premiums (Motor & Non-Motor) – General Insurance collected for the period January – September 2024: **Ranked 6th**

Insurance classes where Lonpac ranked in the **Top 3** for the January – September 2024 period:

Class	Rank
Fire	1
Bonds	1
Medical and Health	2
Workmen's Compensation & Employers' Liability	2
Offshore Oil-related	2
Contractor's All Risks & Engineering	3

Lonpac's Combined Ratio:

71.2% for the period January – September 2024 as compared to the industry average of 94.1%

Lonpac's Management Expenses Ratio:

19.6% for the period January – September 2024 as compared to the industry average of 24.5%

The following table provides an overview of the gross written premiums contributions by our various classes of business for FY2024.

			Variance		Contribution
Class	2024 RM'000	2023 RM'000	RM'000	%	2024 %
Fire	**735,352**	689,099	46,253	6.7	**39.6**
Motor	**457,153**	409,731	47,422	11.6	**24.6**
Marine, Aviation and Transit	**104,846**	106,174	(1,328)	(1.3)	**5.6**
Miscellaneous	**562,513**	525,656	36,857	7.0	**30.2**
Total	**1,859,864**	1,730,660	129,204	7.5	**100.0**

GROUP CEO'S MESSAGE

GROUP CEO'S MESSAGE

TEN-YEAR GROUP FINANCIAL SUMMARY

	Year Ended 31 December									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Operating Results (RM'000)										
Operating Revenue	**1,926,636**	1,905,416	1,634,865	1,717,734	1,621,592	1,602,701	1,513,663	1,470,631	1,378,892	1,284,586
Insurance Revenue/ Gross Earned Premiums	**1,781,559**[N1]	1,781,921[N1]	1,534,698[N1]	1,612,042[N1]	1,531,064[N1]	1,496,220[N1]	1,413,894[N1]	1,380,627[N1]	1,290,021[N1]	1,205,365[N1]
Gross Written Premiums	**1,859,864**	1,730,660	1,628,955	1,561,037	1,550,625	1,524,368	1,469,377	1,421,339	1,278,339	1,250,799
Profit Before Tax	**474,125**	394,933	341,696	437,316	433,565	414,719	405,965	403,749	518,925[N2]	393,066
Profit Attributable To Owners Of The Company	**377,091**	313,726	252,220	344,679	336,728	322,361	314,049	313,794	437,223	320,989
Key Statements Of Financial Position Data (RM'000)										
Total Assets	**4,785,074**	4,569,018	4,849,620	4,894,804	4,519,706	4,045,890	4,240,553	3,814,615	3,656,113	3,625,348
Total Liabilities	**2,362,774**	2,285,504	2,641,024	2,753,782	2,444,238	2,073,991	2,083,768	1,893,704	1,818,797	1,886,747
Share Capital	**398,383**	398,383	398,383	398,383	398,383	398,383	398,383	338,244	331,986	331,986
Total Equity	**2,422,300**	2,283,514	2,208,596	2,141,022	2,075,468	1,971,899	2,156,785	1,920,911	1,837,316	1,738,601
Productivity Ratio										
No. of Employees	**852**	832	827	818	815	813	803	790	772	738
Gross Written Premiums Income per Employee (RM'000)	**2,183**	2,080	1,970	1,908	1,903	1,875	1,830	1,799	1,656	1,695
No. of Policies Issued per Employee	**2,320**	2,482	2,371	2,241	2,608	2,531	2,554	2,399	2,315	2,616
No. of Claims Settled per Claims Staff	**1,421**	1,441	1,340	1,282	1,344	1,534	1,462	1,395	1,340	1,197

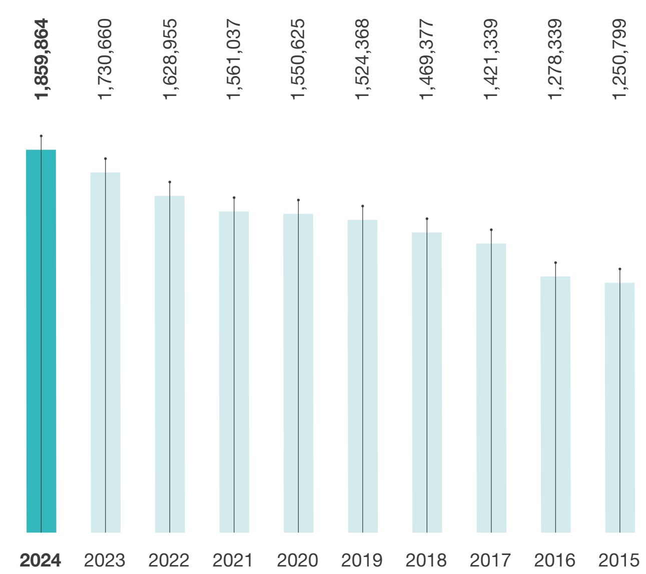
Notes:

- N1 - The figures for 2022 to 2024 presented above are insurance revenue whereas 2021 and prior are gross earned premiums.
- N2 - The Group profit before tax for 2016 would be RM368.5 million if it was adjusted to exclude the one-off realised gains of RM150.4 million arising from the disposal of long-term equity investment.

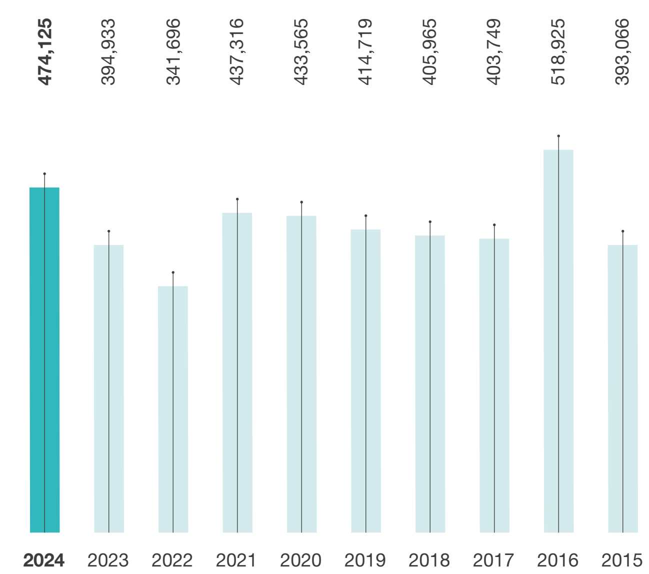
The figures for 2022 to 2024 presented above are based on MFRS 17 whereas 2021 and prior are based on MFRS 4.

PRODUCTION AND PROFITABILITY

Gross Written Premiums (RM'000)

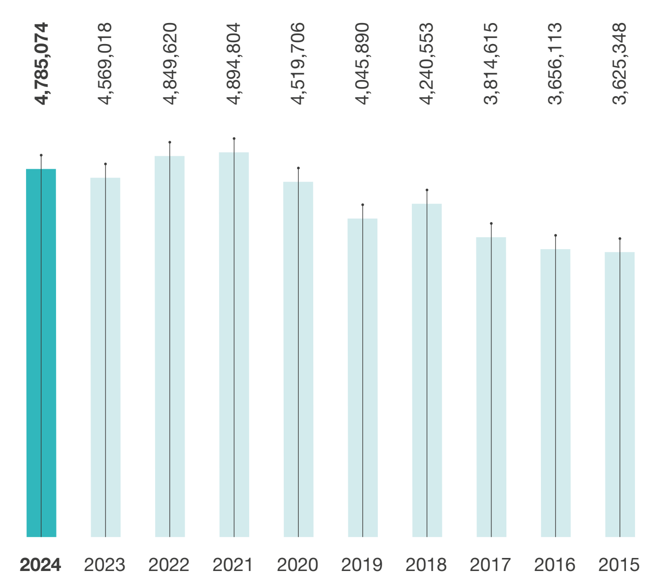


Profit Before Taxation (RM'000)

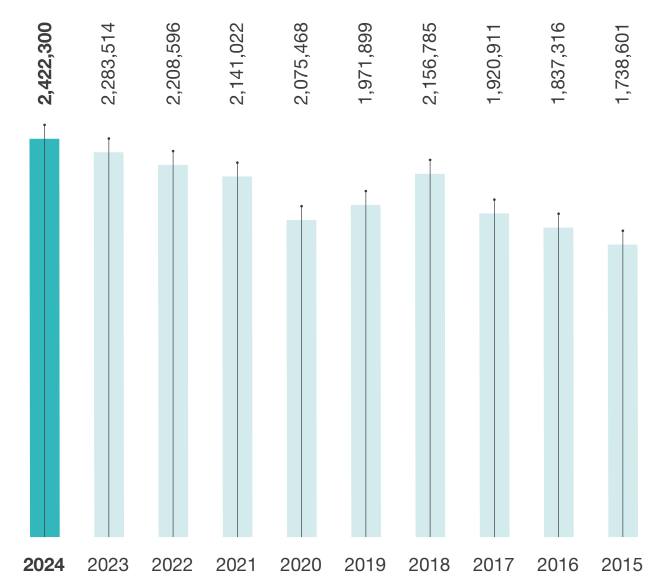


STRONG FINANCIAL POSITION GROWTH

Total Assets (RM'000)



Total Equity (RM'000)



The figures for 2022 to 2024 presented above are based on MFRS 17 whereas 2021 and prior are based on MFRS 4.

GROUP CEO'S MESSAGE

GROUP CEO'S MESSAGE

TEN-YEAR GROUP FINANCIAL SUMMARY

	Year Ended 31 December									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
SHARE INFORMATION AND VALUATION										
Share Information										
Per share (sen)										
Basic Earnings	**94.7**	78.8	63.3	86.5	84.5	80.9	78.8	78.8[N3]	109.7[N3][N4]	80.6[N3]
Net Dividend	**80.00**	66.00	60.00	74.00	72.00	70.00	68.00	72.00	80.00	70.00
Net Tangible Assets	**607.36**	572.31	553.02	535.32	518.73	492.34	541.38	578.61	553.43	523.70
Share Price as at 31 December (RM)	**12.56**	11.96	12.64	14.06	13.72	15.10	15.74	18.16	16.38	16.08
Market Capitalisation (RM'000)	**5,003,690**	4,764,661	5,035,561	5,601,265	5,465,815	6,015,583	6,270,548	6,028,866	5,437,931	5,338,335
Share Valuation										
Net Dividend Yield (%)	**6.7**	4.9	4.4	5.5	4.6	4.0	3.8	4.5	5.6	4.1
Dividend Payout Ratio (%)	**84.5**	83.8	94.8	85.5	85.2	86.5	86.3	76.2	60.7	72.4
Price to Earnings Multiple (times)	**13.3**	15.2	20.0	16.3	16.2	18.7	20.0	19.2	12.4	16.6
Price to Book Multiple (times)	**2.1**	2.1	2.3	2.6	2.6	3.1	2.9	3.1	3.0	3.1
FINANCIAL RATIOS (%)										
Profitability Ratios										
Return on Equity ("ROE")	**15.6**	13.7	11.4	16.1	16.2	16.3	14.6	16.3	23.8	18.5
Return on Assets	**7.9**	6.9	5.2	7.0	7.5	8.0	7.4	8.2	12.0	8.9
Net Claims Incurred	**40.4**	45.0	43.2	36.5	41.2	43.9	40.9	38.5	38.3	41.0

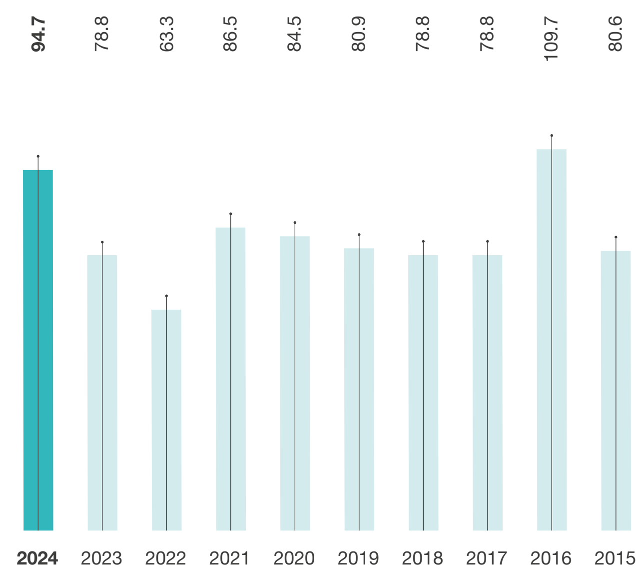
Notes:

- N3 - The Basic Earnings Per Ordinary Share from 2015 - 2017 were restated to take into consideration the effects of bonus issues during the year 2018.
- N4 - The Group's earnings per share for 2016 would be 72.0 sen if it was adjusted to exclude the one-off realised gains of RM150.4 million arising from the disposal of long-term equity investment.

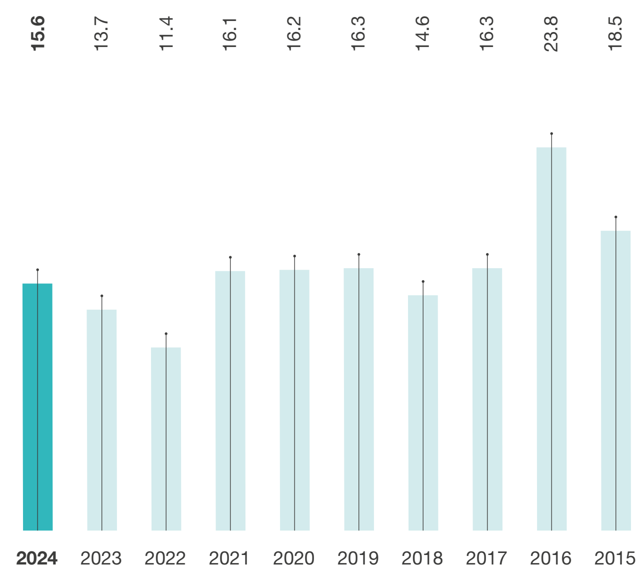
The figures for 2022 to 2024 presented above are based on MFRS 17 whereas 2021 and prior are based on MFRS 4.

ENHANCING SHAREHOLDER VALUE

Earnings Per Share (Sen)

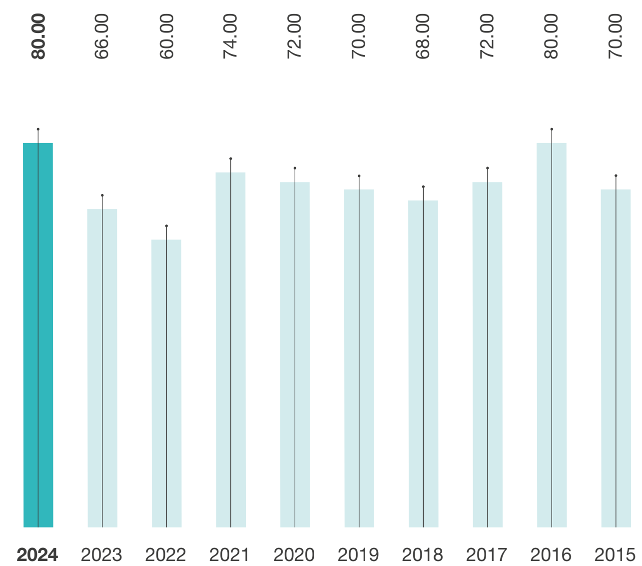


Return On Equity (%)

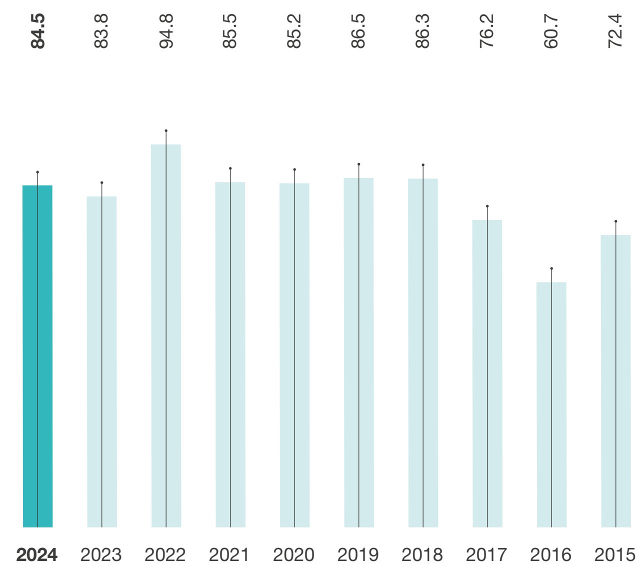


The Basic Earnings Per Ordinary Share from 2015 - 2017 were restated to take into consideration the effects of bonus issues during the year 2018.

Net Dividend Per Share (Sen)



Dividend Payout Ratio (%)

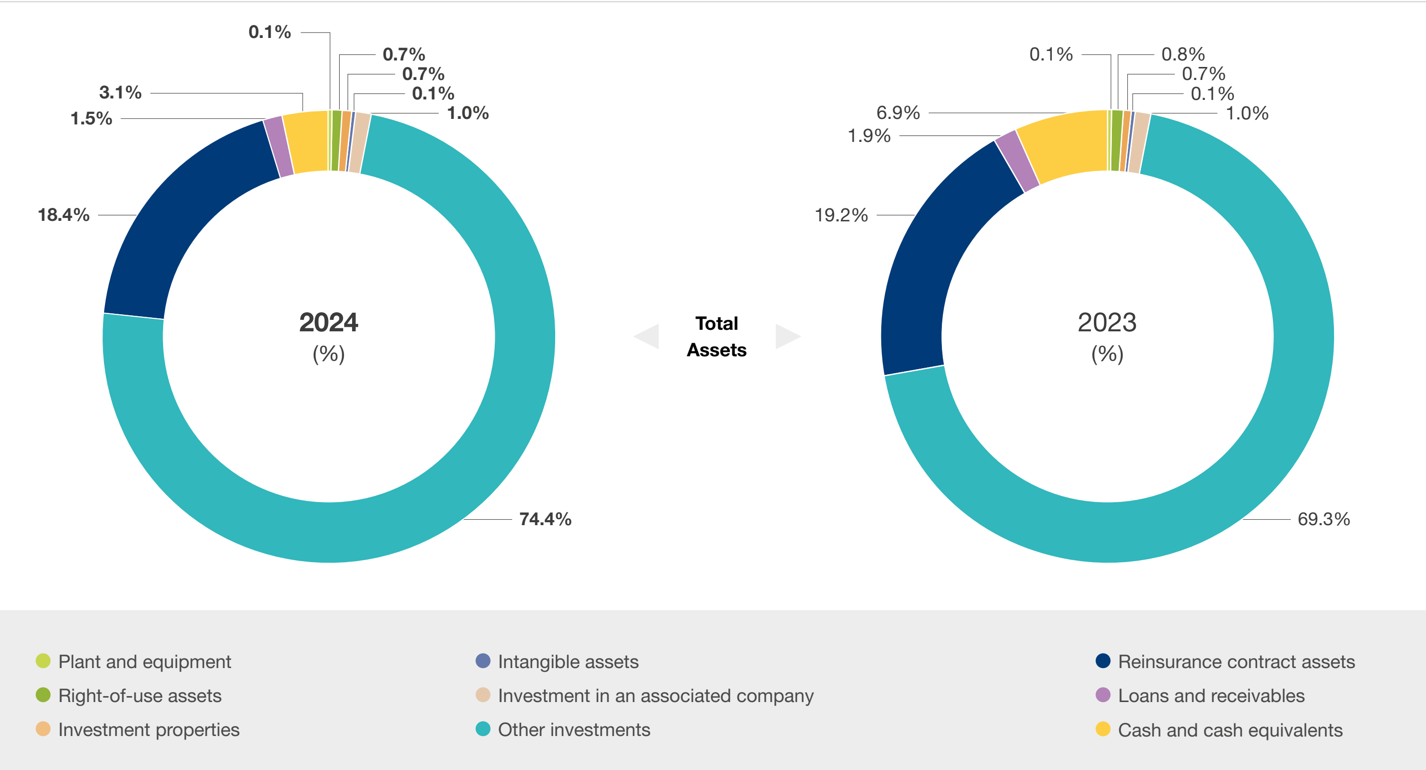


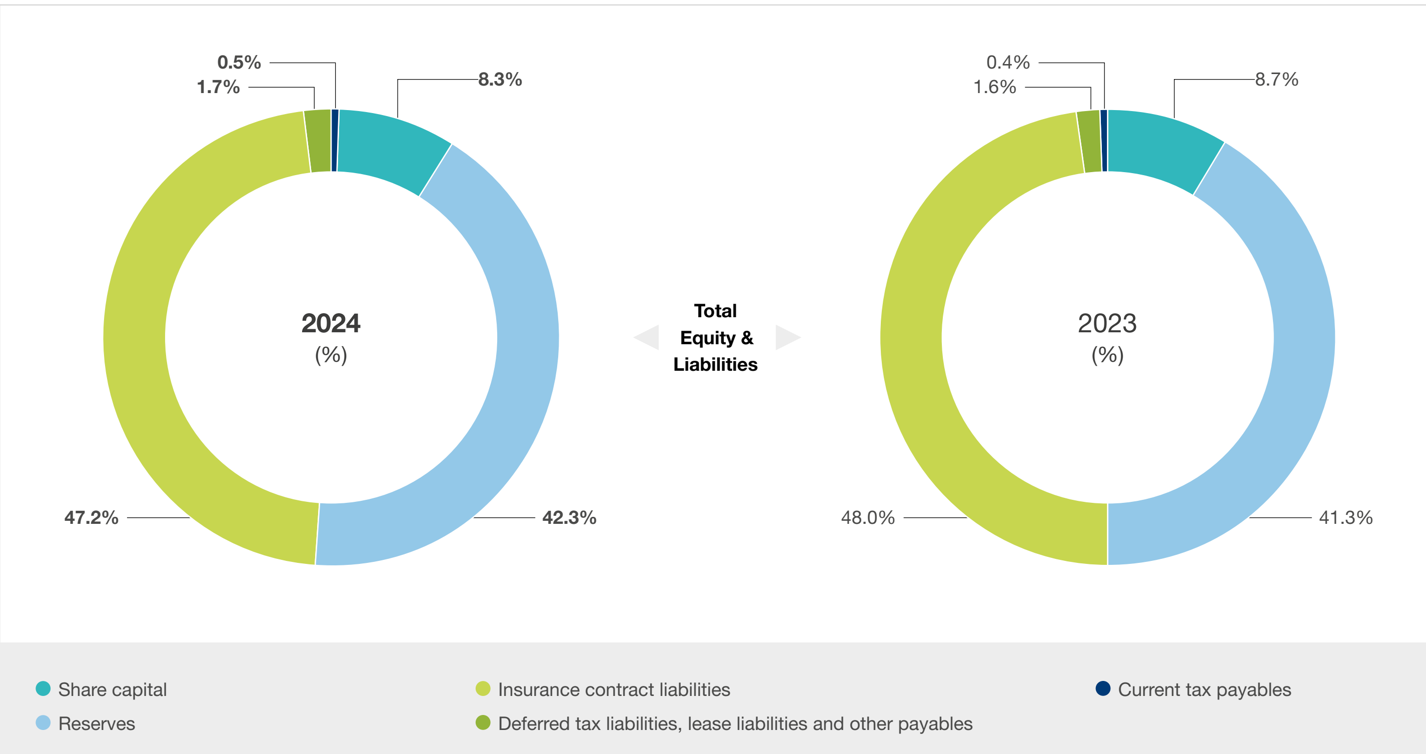
The figures for 2022 to 2024 presented above are based on MFRS 17 whereas 2021 and prior are based on MFRS 4.

GROUP CEO'S MESSAGE

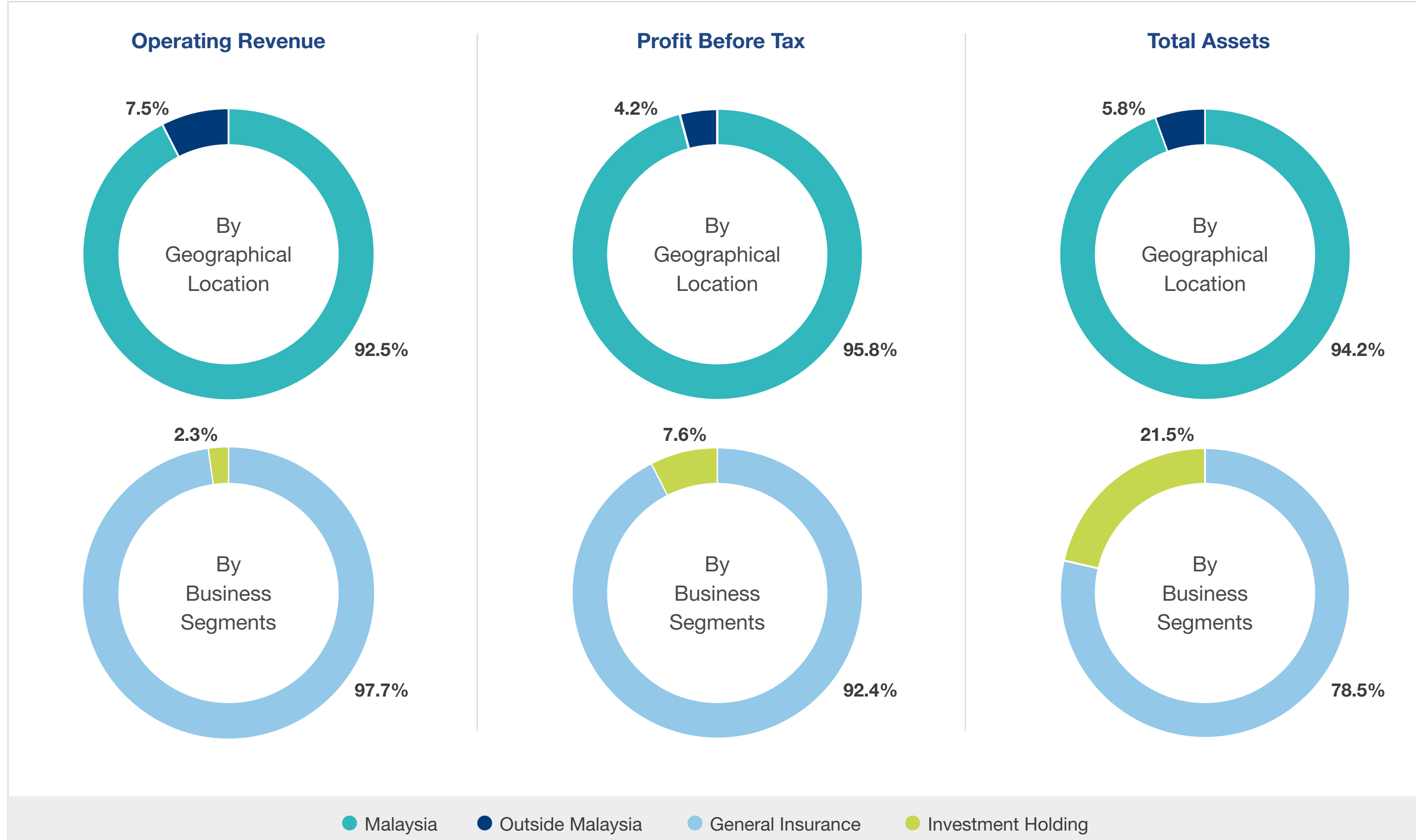
GROUP CEO'S MESSAGE

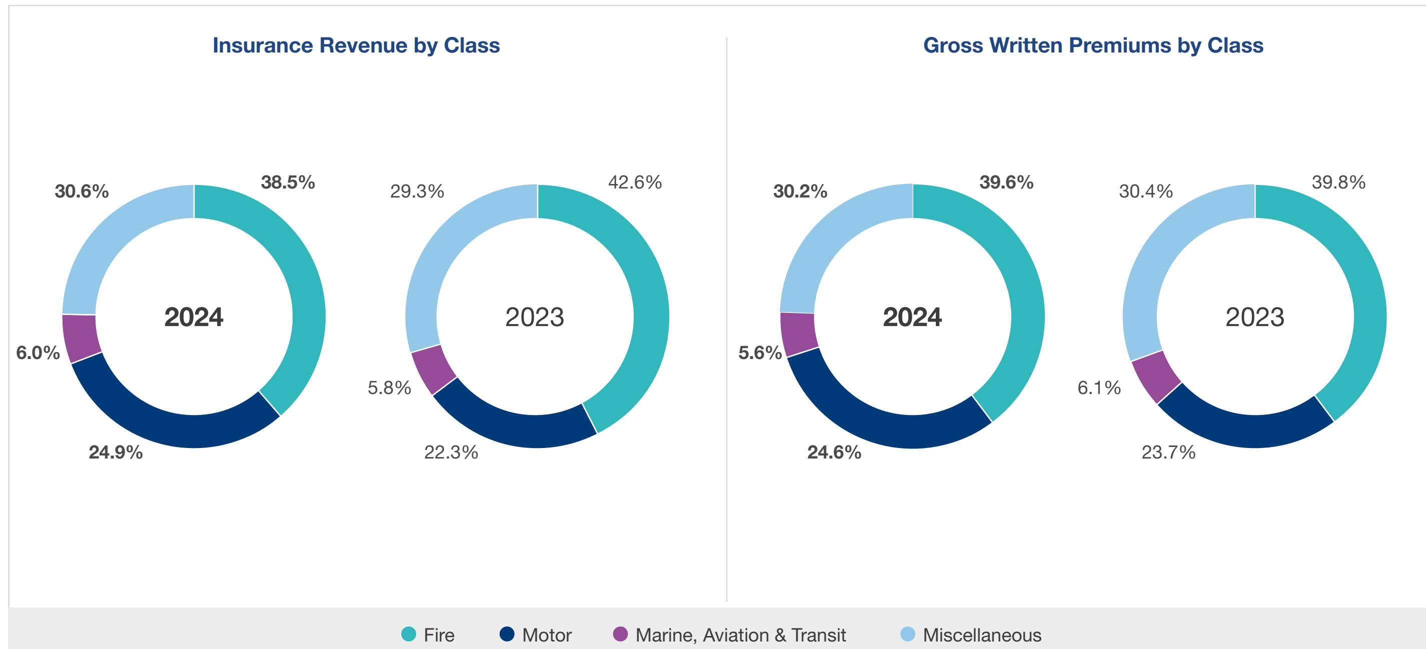
SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION





SEGMENTAL ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2024





GROUP CEO'S MESSAGE

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GROUP QUARTERLY PERFORMANCE

RM'000	2024 First Quarter	2024 Second Quarter	2024 Third Quarter	2024 Fourth Quarter	Year 2024
Financial Performance					
Operating revenue	469,760	469,404	499,832	487,640	1,926,636
Insurance revenue	422,746	443,317	453,073	462,423	1,781,559
Profit before tax	127,347	100,550	150,400	95,828	474,125
Profit attributable to owners of the Company	101,291	78,003	123,937	73,860	377,091
Earnings per share (sen)*	25.43	19.58	31.11	18.54	94.66
Net dividends per share (sen)	-	30.00	-	50.00	80.00

RM'000	2023 First Quarter	2023 Second Quarter	2023 Third Quarter	2023 Fourth Quarter	Year 2023
Financial Performance					
Operating revenue	463,300	462,363	498,400	481,353	1,905,416
Insurance revenue	430,864	439,592	454,372	457,093	1,781,921
Profit before tax	91,390	80,782	119,569	103,192	394,933
Profit attributable to owners of the Company	73,834	63,395	97,917	78,580	313,726
Earnings per share (sen)*	18.53	15.92	24.58	19.72	78.75
Net dividends per share (sen)	-	26.00	-	40.00	66.00

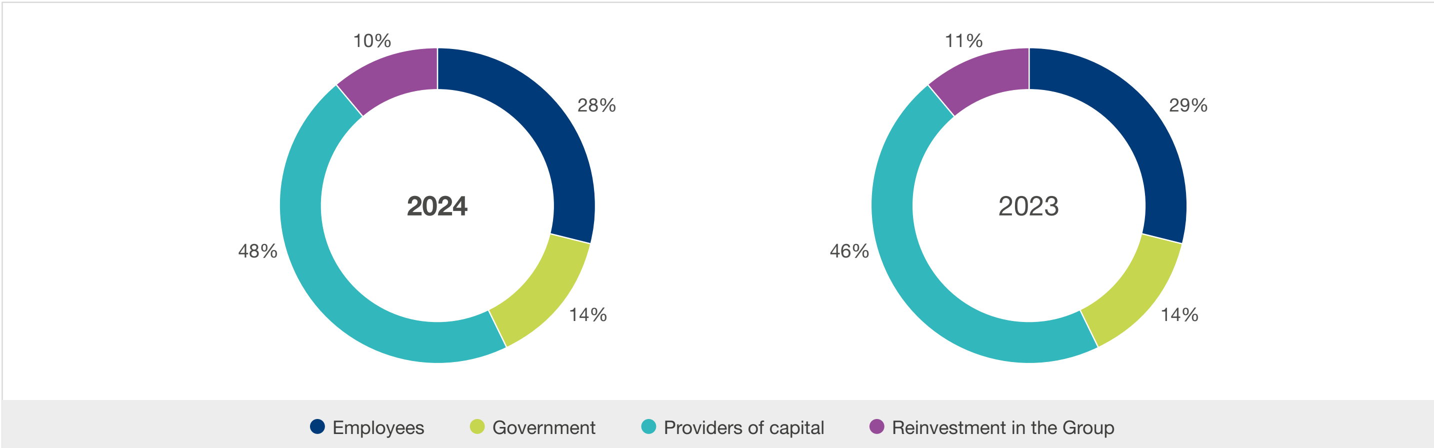
* Quarterly earnings per ordinary share is based on the weighted average number of ordinary shares in issue during the quarter whereas the year-to-date earnings per ordinary share is based on the weighted average number of ordinary shares in issue during the year.

STATEMENT OF VALUE ADDED

Value added is a measure of wealth created by the Group through various business activities. The Statement of Value Added shows total wealth created and how it was distributed to stakeholders, including the Government, as well as reinvestment for the replacement of assets and further expansion of the business of the Group.

Value Added	2024 RM'000	2023 RM'000
Insurance service result before staff costs, depreciation and amortisation	561,519	457,063
Net financial result	106,969	116,838
Other income	5,206	3,935
Other operating expenses excluding staff costs, depreciation and amortisation	(5,222)	(6,849)
Other finance costs	(1,061)	(1,150)
Share of profit after tax of equity accounted associated company	2,105	1,819
Value added available for distribution	669,516	571,656

Distribution of Value Added	2024 RM'000	2023 RM'000
To employees:		
Staff costs	184,151	164,217
To the Government:		
Tax expense	97,034	81,207
To providers of capital:		
Dividends paid to shareholders	318,706	262,933
To reinvest in the Group:		
Depreciation and amortisation	11,240	12,506
Retained earnings	58,385	50,793
Total distributed	669,516	571,656



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The Group's performance for the financial year ended 31 December 2024 ("FY2024") was marked by a healthy recovery in the Malaysian economy, which helped secure a robust performance for the Group for the year.

OUR PERFORMANCE IN 2024

Malaysia's economic activity continued to recover in 2024, as evident in the country's projected Gross Domestic Product growth, which was expected to grow between 4.8% and 5.3% for the year. The increase in economic activity spurred a corresponding rise in insurance demand, with total Gross Written Premiums ("GWP") growing 7.2% industry-wide for the first nine months of 2024. Similarly, Lonpac's GWP for FY2024 increased by 7.5% to RM1.86 billion compared to RM1.73 billion recorded in FY2023.

Collectively, these factors contributed to a higher Profit Before Tax of RM474.1 million, representing a 20.1% increase from RM394.9 million the previous year. This was due primarily to the improved Insurance Service Result of RM377.8 million (FY2023: RM293.7 million).

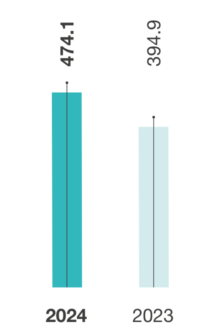
A closer look at the numbers shows that insurance revenue was unchanged from the previous year at RM1.78 billion. While insurance service expenses rose by RM230.9 million to RM1,057.9 million from RM827.0 million a year ago, it was compensated by the lower net expenses from reinsurance contracts held of RM345.9 million compared to RM661.2 million in FY2023. The improved Lonpac's Insurance Service Result was primarily contributed by the better net claims experience as the Claims Incurred Ratio was recorded at 40.4% compared to 45.0% in FY2023.

For the year, Lonpac's Combined Ratio improved to 72.2% from 76.9% in the previous year, and remains substantially better than the industry ratio of 94.1% as at 30 September 2024.

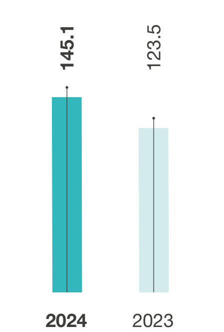
Meanwhile, total investment income rose 17.5% to RM145.1 million from RM123.5 million in FY2023, driven by higher dividend income and interest income received. While the performance of the Group's investment portfolio was encouraging in 2024, the Group acknowledges that the investment landscape remains highly volatile and may change at a moment's notice.

As at 31 December 2024, the Group's total assets, including cash in hand, balances, and deposits with banks, amounted to RM4.8 billion. Since these assets primarily consist of short-term instruments to meet immediate obligations, the Group believes there is minimal risk of significant value changes in the coming year. There were no major changes to the Group's capital structure or resources during the year.

Profit Before Tax (million)



Total Investment Income (million)



CAPITAL MANAGEMENT

The management of the Group's capital holdings is guided by LPI's Group Capital Management Plan ("CMP"), which aligns with regulatory requirements and the Group's business objectives and forecasted operating conditions. The CMP outlines the policies and measures for capital utilisation, including:

- A detailed list of capital events triggered by specific developments or when capital levels reach set thresholds.
- An assessment of risks and threats during these capital events, along with corresponding remedial actions that are proportionate to the severity of the situation.

The primary goal of the CMP is to restore or maintain normalised capital levels to ensure operational continuity. For insurers, effective capital management is crucial for maintaining the Group's overall sustainability, as well as preventing systemic fallouts.

As at 31 December 2024, the Group's Capital Adequacy Ratio ("CAR") surpassed the supervisory CAR of 130% established by BNM and the Group's Individual Target Capital Level. The adequacy of these capital levels was confirmed by A.M. Best Asia-Pacific Limited, a credit rating agency

CAPITAL MANAGEMENT (CON'T)

specialising in the insurance sector. In its report dated 11 December 2024, A.M. Best affirmed Lonpac's Financial Strength Rating of A (Excellent) and Long-Term Issuer Credit Rating of "a" (Excellent), with a stable outlook.

According to A.M. Best, the ratings reflected Lonpac's balance sheet strength, which A.M. Best assesses as very strong, as well as its strong operating performance, neutral business profile and appropriate enterprise risk management. Key characteristics contributing to the ratings noted in the report include:

- Lonpac's risk-adjusted capitalisation, which was measured to be at the strongest level at year-end 2023, as measured by Best's Capital Adequacy Ratio, and is expected to remain at this level over the near to medium-term.
- Strong capital growth from retained earnings, taking into account the dividend payout ratio.
- Lonpac's generally conservative investment portfolio comprising cash, bonds and debt-focused unit trust funds.

In addition, A.M. Best noted that Lonpac's underwriting performance was strong, benefiting from a low net loss experience and favourable reinsurance commission income, which drove profitability. Another contributing factor was stable investment returns, which helped maintain the favourable operational review. On the risk side, A.M. Best said that over the medium-term, the elevated cost of reinsurance, as well as the ongoing phased liberalisation of the Motor and Fire businesses may constrain underwriting margins over the near- to medium-term.

STRESS TESTING

The Group conducts stress testing in accordance with the guidelines set by BNM's Policy Document on Stress Testing. This process identifies threats from adverse financial or capital events that may emerge from the current operational landscape, the Group's risk profile, and its ongoing business activities. In recent years, the stress tests have specifically considered the potential impacts of fallouts from emerging issues, such as pandemics and climate change.

Designed to be comprehensive, rigorous, and forward-looking, the stress testing exercise aims to enhance the Group's processes and staff preparedness for worst-case scenarios. Both Senior Management and the Board of Directors actively participate in the stress testing process, reviewing its parameters and outcomes. Insights gained from this review are used to identify and manage existing and potential risks to the Group's capital base and overall financial health, as well as to develop new methodologies for mitigating these risks.

The 2024 stress testing exercise concluded that the Group was sufficiently prepared and capitalised to meet its business needs and to buffer against potential underwriting volatility.

FUTURE PROSPECTS

The immediate outlook for the LPI Group remains positive although the high degree of volatility in the global economic environment may change this outlook. Additionally, as the current resurgence of investment in the country is due primarily to government initiatives, changes in political leadership may also affect the short-term outlook. The Malaysian economy is expected to grow between 4.5% and 5.5% in 2025,[2] according to the Ministry of Finance, while BNM expects inflation to rise between 2.0% and 3.5%.[3] However, the latter will also be subject to external developments, such as the ongoing conflict in the Middle East may affect fuel prices, as well as internal policy decisions.

Claims have shown signs of stabilising in 2024 and is expected to continue to do so in 2025. The market is still adjusting to the new operating environment shaped by the liberalisation of the general insurance industry, which is currently at its tail end. Despite the challenges posed by liberalisation, LPI Group is confident that its selective approach to underwriting, strong relationships with customers, and robust balance sheet will enable it to navigate the challenges posed by the macroeconomic climate and heightened competitive pressure. Furthermore, the Group's financial position provides sufficient flexibility to capitalise on new opportunities, such as large-scale infrastructure projects, should they arise during the year.

On the operational front, there will be a continued emphasis on competing for new business, particularly for large-scale infrastructure projects. Plans are also underway to further automate processes and to enhance the Group's agency and distribution channels.

Additionally, the Group will continue to work on developing green insurance solutions that are tailored for environmentally friendly and sustainability-focused assets. The first phase will focus on developing insurance products for green loans issued by banks. Given the complex value chain involved in underwriting and replacing green products, the Underwriting Division is proceeding cautiously to identify how best to meet customers' needs while addressing sustainability concerns. The Group is also studying proposals to offer coverage for electric vehicles ("EV"), although further data is required to fully understand EV risks and their specific requirements. As the EV market is expected to grow rapidly, preparing for this segment has become a key component of the business strategy.

2 https://belanjawan.mof.gov.my/pdf/belanjawan2025/ucapan/ub25-en.pdf
3 https://theedgemalaysia.com/node/734095

GROUP CEO'S MESSAGE

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BUSINESS REVIEW

The Group's primary business is the provision of insurance products and services. Over the years, the LPI Group has cultivated a loyal customer base and established a dependable, efficient operational structure to support all aspects of the insurance value chain. The Group's business model is defined by its customer-centric approach and prudent underwriting practices, aimed at creating long-term sustainable value for all stakeholders. The following sections discuss the performance of key areas in 2024.

UNDERWRITING

The Underwriting Division plays a crucial role in the Group's value creation cycle, embodying the Group's commitment to excellence and innovation. The primary focus of the division is to ensure that all risk acceptances align with the Group's underwriting guidelines while maintaining a healthy combined ratio throughout the financial year.

The division works collaboratively with various departments, such as the Compliance Department, to ensure that the Group's operations are fully compliant with all regulatory requirements, including BNM's Anti-Money Laundering and Counter Financing of Terrorism policies. Additionally, the division works closely with other units, including the Pricing and Product Development, to craft new insurance products and enhance existing ones.

Customer experience is a key priority for the division, which strives to provide high service standards ensuring a positive experience for customers. The division is also responsible for the timely completion of treaty reinsurance programmes to support the Group's operations.

The Underwriting Division distinguishes the Group from its competitors through its roster of innovative product offerings and competitive terms. The Group's focus on delivering policies promptly enhances client trust and satisfaction, while the integration of e-document solutions has not only streamlined processes but also supports the Group's overall ESG objectives.

Performance Highlights

The Underwriting Division put in a strong performance in 2024 with its main key performance indicators ("KPI"), the Net Claims Incurred Ratio improving to 40.4% from 45.0% a year ago. Meanwhile, its retention ratio remained unchanged from the previous year at 62.7%. Despite challenges in some areas of the business portfolio, the overall underwriting performance was disciplined and bolstered by effective risk management strategies.

Creating Value

The Underwriting Division created significant value through several key initiatives during the year. Notable achievements include the successful implementation of the Law Enforcement Agencies Screening policy, which involves pre-onboarding screenings for prospective clients. This screening is a regulatory process aimed at preventing financial crimes such as money laundering and terrorist financing, and it is part of a broader framework established by the Malaysian government and BNM.

A significant highlight this year was the proactive engagement in ESG initiatives. Collaboration with the Enterprise Risk Management & Sustainability Department has led to the implementation of various projects aimed at mitigating risks and promoting sustainability. In the area of ESG, the department made further headway in the implementation of Climate Risk Management initiatives through the integration of geocoding into the e-GIS system to better identify natural catastrophe exposure, such as flood-prone areas. Meanwhile, the Group launched new fire insurance products incorporating elements of green technology, specifically designed for clients at Public Bank Berhad ("PBB").

UNDERWRITING

Creating Value (Con't)

Other new products introduced in 2024 include:

- The Credit Secure Personal Accident insurance, which provides coverage for loan borrowers or their guarantors.
- The MediSecure Kasih policy, while intended to offer basic health coverage, aims to strike a balance between reducing the financial burden on consumers and maintaining the viability of the insurance system by promoting shared responsibility between insurers and policyholders.
- The SME Secure Plus Insurance, a product sold via digital platform, designed for PBB's small and medium sized enterprise customers.

The Underwriting Division is also introducing a straight-through processing system for small project risks, enabling agents to handle the entire process from their side. When this system is implemented, agents will be able to create quotes and policies will be issued immediately using standard terms and premiums. The aim is to upgrade the Master Policy Certificate Issuance for several insurance classes. Additionally, revising minimum terms for Contractors' All Risk insurance represents a strategic move to improve profitability in underperforming segments.

Moving Forward

Looking ahead, the Underwriting Division aims to enhance its systems for greater efficiency and accuracy, with plans to launch upgraded e-GIS and e-Insurance systems that offer a more user-friendly experience for users. Supporting ESG commitments remains a priority, including the rollout of e-policy documents and the pursuit of solar-related business opportunities. Ongoing efforts to support ESG initiatives reflect a commitment to sustainability and responsible business practices.

The division's strategic goals include the automation of risk assessment and approval processes, along with the implementation of Robotic Process Automation and System Interfaces to improve workflow efficiency by automating manual tasks. A staff exchange program will also be introduced to facilitate cross-functional learning, fostering collaboration and innovation.

In the area of health products, new benefits have been introduced and a repricing exercise has been initiated, all while ensuring compliance with regulatory requirements.

As 2025 unfolds, the Underwriting Division will face a dynamic operating environment shaped by emerging risks. By exploring treaty reinsurance programmes, the division aims to expand its capacity to underwrite a broader range of risks, ensuring it is well-prepared to meet diverse demands.

Committed to innovation, collaboration, and sustainability, the Underwriting Division strives to enhance LPI Group's value creation cycle. By anticipating client needs and adapting to market dynamics, the division continues to stand out in an increasingly competitive landscape. With a proactive mindset and strategic focus, the team is poised for a successful year ahead.

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CLAIMS

The Claims Department plays a vital role in the Group's value creation cycle, ensuring policyholders received their entitled benefits promptly and fairly. This department serves as the primary point of contact for clients during insured events, where a positive claims experience significantly contributes to customer loyalty and brand reputation. Efficient claims handling demonstrates reliability and trustworthiness, both of which are crucial elements for retaining clients.

The department's responsibilities include managing claims processing, cost control, risk management, and regulatory compliance. By accurately assessing and settling claims, it balances promptness with cost-effectiveness, while also working diligently to identify and mitigate fraudulent claims. The data collected through claims processing provides valuable insights for underwriting, helping refine risk assessment and premium pricing strategies.

Performance Highlights

KPIs highlight the department's successes, focusing on claims settlement ratios and turnaround times. The primary measure of productivity for the Claims Department is the number of claims settled per staff. In 2024, each claims staff settled an average of 1,421 claims, down from 1,441 claims settled per staff in 2023.

	No. of Claims Registered		No. of Claims Settled	
Class	**2024**	**2023**	**2024**	**2023**
Fire	**3,854**	5,787	**1,812**	3,860
Motor	**32,760**	29,385	**19,376**	17,152
Health & Personal Accident	**13,766**	12,362	**11,871**	10,531
Others	**5,518**	5,786	**2,710**	2,972
Total	**55,898**	53,320	**35,769**	34,515

Creating Value

The Claims Department is undergoing significant changes driven by technological advancements and evolving customer expectations. The introduction of automation and digital tools has streamlined claims processes, reducing turnaround times and costs, not just in terms of processing legitimate claims, but also in identifying fraudulent claims. Enhancements to customer experience including self-service options and automated updates to improve communication and transparency during the claims process has also fundamentally changed the claims experience.

In 2024, the department was enhanced to adapt to regulatory proposals issued by BNM aimed at fostering timeliness and transparency in claims handling. The Central Bank's policy document on Claims Settlement Practices which was issued on 1 July 2024 outlined the requirement for the Company to advance reforms that will transform the claims ecosystem to achieve the desired outcomes of timeliness, transparency and transformative customer experience.

CLAIMS

Moving Forward

Looking ahead, the department's strategic priorities encompass advancing digital transformation, elevating customer experiences, enhancing risk management practices, and fostering staff development. Investments in cutting-edge technologies, such as Artificial Intelligence ("AI") and machine learning, will further optimise claims processes and reinforce a culture of continuous improvement.

In conclusion, the Claims Department remains dedicated to fostering trust and reliability within the insurance industry. By embracing innovation, collaboration, and sustainability, it is well-equipped to overcome challenges and achieve its goals in an ever-evolving landscape.

DISTRIBUTION

The Distribution Division plays a crucial role in LPI Group's value creation cycle by effectively delivering general insurance products to a broad range of customers through multiple sales channels. The division is responsible for managing and growing several key distribution channels, including:

- **Branch Network:** The Group's branches serve as key touchpoints for customers across eight regions, playing a vital role in building trust, fostering long-term relationships, and offering tailored insurance solutions. Branches are also sources of valuable market insights, which inform strategic decisions.
- **Agency:** This channel focuses on maintaining a dedicated, customer-centric sales and support team to help agents address their clients' needs. The department is heavily involved in enhancing agent productivity through backend IT support and digital transformation efforts. It also prioritises the development of comprehensive training programmes to improve agent performance.
- **Financial Institutions ("FI"):** The FI channel extends LPI Group's reach by developing specialised insurance products for PBB, particularly in the retail and commercial fire lines of business, and is a key distribution channel for the Group. This channel is also focused on developing and distributing green insurance products, which is aligned with the Group's commitment to sustainable financing.
- **Broking:** The Broking team focuses on managing large underwriting project risks, identifying new opportunities within the Large and Specialised Risks scheme, and expanding relationships with key brokers to capture high-value business.
- **Global Partnership:** This team identifies international partners for specialised multinational insurance programmes and works to expand the Group's regional presence, bringing in emerging global insurers to broaden its product offering.

Performance Highlights

The operating environment in 2024 was shaped by economic recovery, increased competition, and evolving customer expectations. As the general insurance sector becomes more competitive, Distribution Division has adapted by focusing on growing intermediary channels, enhancing productivity, and streamlining operational processes. The division has been actively training future leaders, improving staff competencies, and fostering greater employee satisfaction to support these goals.

A major milestone in 2024 was the announcement of PBB's acquisition of a 44.15% stake in LPI. This partnership is expected to accelerate bancassurance growth, providing greater opportunities for cross-selling insurance products through PBB's vast banking network. The acquisition offers the Group a stronger foothold in delivering comprehensive and complementary general insurance services to PBB's client base.

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DISTRIBUTION

Performance Highlights (Con't)

For the year ended 31 December 2024, the division exceeded its targeted GWP by RM55 million. The branches in Malaysia, head office – agency and head office – global partnership were the primary drivers of this performance. When comparing performance to 2023, LPI Group recorded an improvement in its overall GWP, driven by a 9% increase of its distribution channels GWP from both Lonpac's Head Office and branch network in Malaysia.

Creating Value

The Distribution Division creates both financial and non-financial value for LPI Group, particularly through:

- **Premium Revenue:** Generated from the underwriting of diverse risks across various distribution channels.
- **Customer Loyalty:** Achieved by delivering high-quality, prompt, and personalised services that foster long-term customer relationships.
- **Product Development:** Introducing new insurance products, such as green insurance offerings, and leveraging partnerships to expand market reach and meet evolving customer needs.

DISTRIBUTION

Creating Value (Con't)

It also helps differentiate Lonpac from its competitors in several ways through the various distribution channels.

- **Branch Network:** The Group's stable, standardised branch structure ensures fast responses and high-quality service for customers. Branch performance is supported by the Branches Strategic Performance Department, which has further enhanced operations and established clear performance standards.
- **Agency:** The agency network has been consolidated into three main units to improve coordination and efficiency of service. The focus on personalised solutions for external agents and internal customers, alongside attractive incentives, and dependable IT support, has strengthened relationships with top agents and improved sales productivity.
- **Financial Institutions:** The FI Department is focused on integrating critical processes with PBB, and creating value by promoting retail insurance products through PBB's digital platforms. Efforts to expand collaboration with other banking partners are also helping diversify the channel's revenue sources.
- **Broking:** The Group's broking efforts have been targeted at risks valued at under RM200 million, and working together with partner brokers to focus on preferred classes of business.
- **Global Partnership:** The Global Partnership team has expanded its panel of international insurers, fostering relationships with global partners to offer multinational programmes that cater to the needs of both local and international clients.

Moving Forward

The division is working towards expanding intermediary networks, improving operational efficiency, and digitalising key processes. It has also focused on talent development, ensuring future leaders are well-equipped to drive the division's success. Challenges include the need for further improvement in the broking channel and navigating the competitive landscape in the FI and agency channels. The division remains focused on leveraging synergies with PBB to accelerate bancassurance growth and expand market reach.

Some key goals include:

- **Optimal Risk Diversification:** Maximising return on equity and delivering attractive dividends to shareholders.
- **Strengthening Market Position:** Continuing to expand the Group's presence as a leading insurer, ensuring profitability above the industry average.
- **Becoming the Best Insurance Provider:** Aiming to be the preferred choice for both local and global business partners.

GROUP CEO'S MESSAGE

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INFORMATION TECHNOLOGY ("IT")

The IT Department manages the technology deployed across the Group, ensuring reliable and secure networks, servers, hardware, and software. It provides technical support to staff, quickly resolving issues to minimise operational disruption, and develops software to enhance efficiency and customer interactions. The department also drives innovation by adopting new technologies, ensuring business continuity through disaster recovery plans, and supporting the Group's growth through strategic system upgrades and security improvements.

Creating Value

The IT Department has initiated several infrastructure upgrades, including improvements to the Business Intelligence system, which boosts performance, security, and optimal functionality while protecting data integrity. Other key upgrades include server enhancements, updates to the Network Time Protocol system, data storage, network monitoring, and the SMS gateway, all designed to increase efficiency and reduce risks from outdated systems.

Key system improvements include the development of the e-GIS Personal Accident ("PA") system, the launch of the Credit Secure PA system for loan coverage, and the implementation of a new Telephony and Customer Relationship Management system for better customer service. The department has also made updates to comply with new Sales and Service Tax regulations and Inland Revenue Board e-Invoice requirements. Meanwhile, enhancements to manage Law Enforcement Agency ("LEA") freezing orders ensure stricter control over policies and claims transactions.

Cyber Security

To strengthen security, the IT department deployed MS365 feature extensions for better data access control, introduced a Cloud-based solution for real-time Application Programming Interface ("API") threat detection, and restricted USB port usage to prevent unauthorised data transfers. Enhancements to user authentication through Multi-Factor Authentication and endpoint firewalls were also implemented across all devices. Simultaneously, a 24/7 Security Operations Centre continuously monitors for threats, and regular penetration testing, web assessments, and phishing simulations help identify and address vulnerabilities. Meanwhile, security training is conducted annually to reinforce employee and vendor awareness of cyber security issues.

Digital Initiatives

The implementation of several digital initiatives has streamlined operations across the value chain. New modules in the e-Insurance system now allow intermediaries to issue non-motor e-Cover Notes and download policy transactions, while the integration with Malaysia's immigration system has enabled employers to purchase foreign worker insurance when renewing permits.

In Singapore, the launch of an e-Motor module is facilitating online motor transactions, with features like real-time integration with the Land Transport Authority for road tax renewals and No Claims Discount checks. The Singapore office has also transitioned to electronic receipts, supporting sustainability goals.

INFORMATION TECHNOLOGY ("IT")

Moving Forward

The importance of IT will grow in tandem with the Group's digitalisation plan and with the growing adoption of technology in the finance ecosystem. The Group's IT priorities, moving forward, include:

- **Cyber Security:** Strengthening defences against increasing cyber threats, with regular training to protect sensitive data.
- **Digital Transformation:** Collaborating with other departments to integrate technologies that improve efficiency and competitiveness.
- **Cloud Migration:** Exploring cloud resources to reduce costs and improve performance.
- **Emerging Technologies:** Investing in AI, machine learning, and data analytics for better decision-making and process automation.
- **Governance:** Establishing clear compliance policies to address emerging tech risks.
- **Talent Development:** Fostering a skilled IT team through training and career growth opportunities.
- **User Experience:** Gathering feedback to continuously improve systems and services.

DIGITAL BUSINESS AND TRANSFORMATION

The Digital Business Department has played an essential role in the Group's value creation cycle by driving the transformation of customer experiences and ensuring that its products and services are accessible and are aligned with evolving market trends. Key functions include:

- **Enhancing Customer Experience via Digital Platforms:** The department is focused on simplifying insurance access for customers through user-friendly digital platforms. This initiative includes the development of customer portals and online sales solutions, which makes it easier for customers to purchase, renew, and manage their policies.
- **Product and Service Innovation:** The department continuously develops new products and services to meet changing consumer demands. These innovations are designed to be flexible, quick to market, and adaptable to new technological demands and market conditions.
- **Digital Sales Support for Business Partners:** A significant part of the department's function involves helping business partners enhance their digital sales capabilities, leveraging the Group's white-label online sales platforms. These platforms help partners enter new markets quickly and efficiently, without the need for substantial upfront investment.
- **New Partnerships with Aggregators:** To expand the Group's reach, the department has formed strategic alliances with insurance aggregators, enabling access to a broader audience base. These partnerships help increase brand visibility and enhance customer loyalty.
- **Regulatory Compliance:** Ensuring compliance with regulatory standards, particularly in the area of digital sales, remains a priority. Compliance ensures that LPI Group operates in line with industry guidelines, while maintaining flexibility in its operations to meet business needs.

LPI Group is committed to the digital transformation of its business, which is proving to be a key driver of its competitive advantage in the marketplace. The pace of digital transformation will likely continue given the continued rise in the demand and use of financial technology and insurance technology.

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DIGITAL BUSINESS AND TRANSFORMATION

Performance Highlights

For the year ended 31 December 2024, the performance of the Digital Business Department has exceeded expectations, with key performance indicators showing substantial growth. A large part of the success is due to the successful integration of the digital platforms and partnerships, which has significantly contributed to the Group's growth in 2024, and strategically positioned LPI Group for future success in an increasingly digital landscape.

Achievements in 2024 include:

- **GWP:** The GWP from digital business for 2024 rose to RM26.8 million from RM 20.2 million in 2023, demonstrating solid growth.
- **Partnership Growth:** The department has successfully forged new partnerships with insurance platforms including Compare by MYEG, ePLKS, and the MyJPJ Portal/ APP, which has expanded the distribution channels for motor and foreign workers' insurance products.
- **Customer Portal Usage:** The number of users on the Lonpac ezPortal has surged from 4,000 in 2023 to more than 17,000 in 2024, highlighting the increasing customer adoption of digital self-service tools and a growing commitment to enhancing the digital experience.

The department has set ambitious goals for 2024, with notable progress in several areas including:

- **Increasing Digital Engagement:** The launch of strategic sales campaigns targeted at profitable customer segments has driven sales growth in specific areas.
- **Forming New Strategic Partnerships:** Continued efforts to expand the Company's digital footprint through new partnerships have helped reach a broader audience and grow revenue streams.
- **Enhancing Customer Experience:** The department's focus on improving the customer experience through seamless digital interactions, such as policy renewals and claims submissions via the ezPortal, has further strengthened the Group's digital service offerings.

Creating Value

The Digital Business Department generates both financial and non-financial value for the Group through:

- **Generating Premium Revenue:** By offering innovative digital platforms and products, the department contributes to the underwriting of digital insurance policies, directly impacting the Group's GWP.
- **Building Customer Loyalty and Brand Recognition:** The flexible online sales platforms and the customer portal (Lonpac ezPortal) enhance customer loyalty by offering seamless, 24/7 access to policy management. By fostering transparency and operational efficiency, LPI Group strengthens its relationship with customers, which in turn drives satisfaction and retention.
- **Driving Operational Cost Efficiency:** The department's focus on digital solutions has resulted in cost savings through the reduction of administrative burdens, enabling more efficient customer and policy management processes.

DIGITAL BUSINESS AND TRANSFORMATION

Creating Value (Con't)

The Digital Business Department plays a pivotal role in distinguishing LPI Group from its competitors by:

- **White-labelling of Online Sales Platforms:** By providing flexible, easy-to-deploy white-labelled platforms for business partners, LPI Group enables rapid market entry, reduces partners' investment costs, and enhances brand recognition. These platforms allow for quick product launches and adjustments to meet changing market demands.
- **Lonpac ezPortal:** The launch and growth of the customer portal has allowed LPI Group to offer immediate service delivery, empowering customers with easy access to their policies and claims. This shift towards digital self-service has not only improved customer satisfaction but also streamlined operations, reducing overhead costs associated with customer support.
- **Strategic Partnerships:** Collaborations with platforms including Compare by MYEG, ePLKS, and MyJPJ Portal/ APP have broadened LPI Group's distribution channels, particularly in the motor and foreign workers' insurance sectors, enabling the Group to reach a wider audience and enhance its market position.

Moving Forward

In 2024, the operating environment for Digital Business Department was influenced by several key factors including the introduction of new regulations from BNM, i.e., the *Exposure Draft of a Policy Document on Product Transparency and Disclosure*. The changes aim to boost consumer confidence and engagement in the digital space, and the department has worked diligently to ensure compliance with these regulations.

At the same time, the risk posed by cyber incursions have steadily increased, and the department has placed a strong emphasis on strengthening the security of digital platforms and protecting customer data. This focus on cyber security ensures that the Group's digital services remain secure and trustworthy, reassuring customers and business partners alike.

Moving forward, the Digital Business Department has set clear priorities for the future:

- **AI and Virtual Assistance:** The department plans to leverage AI-powered chatbots and virtual assistants to further improve customer satisfaction and service efficiency. These technologies will be instrumental in personalising customer experiences and enhancing data analytics capabilities.
- **Expansion of Direct-to-Consumer Channels:** A key focus will be on growing the direct-to-consumer channel by introducing new, exclusive products designed specifically for this market segment.
- **Forming Tech Partnerships:** The department will continue to seek out strategic partnerships with technology companies to create holistic, innovative insurance solutions that meet the evolving needs of both consumers and business partners.
- **Adoption of Digital Insurance Solutions by Partners:** The Group aims to assist selected business partners in adopting cutting-edge digital insurance solutions, fostering innovation, and enhancing overall service delivery.

STRATEGIC CONTEXT

STRATEGIC CONTEXT

The LPI Group is a leading general insurance provider in Malaysia, underwriting a range of business segments from personal insurance to large industrial risks. The local general insurance market is currently seeing a recovery in demand and profitability, in tandem with the growth of the Malaysian economy. This section outlines the Group's current operating context and strategic response to challenges and opportunities.

MARKET OVERVIEW

The global economy continued to grapple with significant challenges in 2024, including uncertainty in major economies, such as the US and China, disruptions from ongoing geopolitical tensions and tightening monetary policies. The World Bank expects global Gross Domestic Product growth to slow to 2.9%, which reflects ongoing economic fragility. Inflationary pressure, exacerbated by supply chain disruptions and geopolitical conflicts, particularly in Eastern Europe and the Middle East, further complicate recovery efforts.

Emerging markets are struggling to regain pre-pandemic activity levels, facing pressures from fluctuating commodity prices and climate-related impacts. Despite these hurdles, some regions exhibit resilience, driven by stable domestic demand and strategic economic initiatives. However, uncertainty remains prevalent, with experts cautioning that further geopolitical instability and environmental shocks could hinder recovery.

Malaysia has been relatively insulated from these external factors due to stable domestic demand. The Ministry of Finance stated in the recent Budget 2025 that it forecasts Malaysia's economy to grow between 4.5% and 5.5% during the year, driven by:

- **Strong domestic demand:** This is underpinned by a healthy labour market, increased capacity building activity, and the ongoing rollout of multi-year infrastructure projects.
- **Strategic investments:** The government is investing in key sectors such as technology, manufacturing, and renewable energy, which are expected to generate higher wages and more job opportunities.
- **Favourable global economic conditions:** The easing of global inflation and improving investor confidence are expected to contribute to Malaysia's economic growth.

Growth in key sectors such as services, manufacturing, and construction is expected to continue and contribute to overall expansion. Meanwhile, headline inflation is also expected to rise moderately, ranging from 2.0% to 3.5% in 2025.

INDUSTRY OVERVIEW

The Malaysian general insurance sector is at the tail end of the Phased Liberalisation of Motor and Fire Tariffs, which aims to establish market-based pricing and improved service quality. Under the new de-tariffed regime, insurers can price premiums based on risk, thus fostering competition. Providers have more flexibility to offer innovative motor insurance products based on driving records. Increased competition is expected to enhance customer service and spur investment in digital platforms and claims processes.

Challenges faced by insurers due to liberalisation include:

- **Intensified Competition:** Liberalisation has led to more players entering the market, resulting in increased competition for market share. This has put pressure on insurers to offer more competitive pricing and products.
- **Price War:** In an effort to attract customers, some insurers may resort to price undercutting, which can erode profit margins.
- **Regulatory Changes:** Regulatory changes, such as changes to regulatory requirements, can impact insurers' processes and profitability.

Despite the challenges of liberalisation, significant potential remains, as insurance penetration is still below Bank Negara Malaysia's target of 75%. A GlobalData report projects the Malaysian motor insurance market will grow to RM13.4 billion by 2027, with a compound annual growth rate of 8.6%. This potential profitability has driven mergers and acquisitions creating larger, though fewer, players.

The increase in investment in the country, especially for large infrastructure projects and data centre construction, has also been a significant factor in bolstering the sector. Given the size of some of these projects, the level of risk entailed means that no one single insurer can expect to underwrite them on their own. This trend is expected to catalyse further growth for both insurance and takaful operators in 2025.

STRATEGIC DIRECTION AND PROSPECTS

The Group's business strategy is divided into short-term (next 12 months), medium-term (2-5 years), and long-term (beyond 5 years) goals.

IMMEDIATE-TERM

The operating environment has shown signs of recovery despite persisting challenges. The Group's focus will be turned on monitoring claims and inflation impact, as well as positioning itself to make the most of new opportunities. The Group's investment portfolio has also been adjusted in response to take strategic advantage of recent rate changes.

Operationally, the Group will reassess asset valuations, improve claims management efficiencies, and engage policyholders about their coverage. The resurgence in large engineering and construction projects offers significant growth opportunities, and the Group will work individually or collaboratively to select the right risk for its portfolio. This is expected to continue over the immediate-term, given the nation's developmental priorities as outlined in the 13th Malaysia Plan which focuses on:

- **Digital economy:** Promoting digital transformation across all sectors to enhance productivity and competitiveness.
- **Green technology:** Investing in renewable energy, energy efficiency, and green technology to reduce carbon emissions and promote sustainable development.
- **High-value manufacturing:** Upgrading manufacturing industries to produce higher-value products and services.
- **Services sector:** Developing the services sector, particularly in areas such as tourism, healthcare, and education.
- **Human capital development:** Investing in education and training to develop a skilled workforce.
- **Infrastructure development:** Investing in infrastructure to improve connectivity and facilitate economic growth.

Collectively, these will create new underwriting opportunities, although political turmoil and interest rate fluctuations may derail some of these initiatives and impact the Group's business.

MEDIUM- AND LONG-TERM

The global economic recovery remains uncertain, with potential slowdowns anticipated in 2025, particularly in the China and US economies. The Group has adopted a conservative approach to its investments and business expansion to ensure that its balance sheet remains resilient, while remaining sufficiently nimble to seize upon emerging opportunities.

Key priorities include:

1. **Digitalisation:** The Group will leverage automation and digitalisation to enhance efficiency and technical underwriting capacity, while expanding the distribution of simple insurance products through partner web portals.
2. **Agency Expansion:** The Group is focused on building a leaner and more effective agency network to ensure that it has sufficient presence and networks in key growth areas. This will be especially important over the next few years for the underwriting of large risk items.
3. **Green Products:** The rise in demand for electric vehicles and green technology products, such as solar panels, necessitates comprehensive preparations to address new risk profiles and changing customer expectations. The Group will continue developing its underwriting and sustainability framework to integrate these considerations into all activities.

The Group is advancing its digital transformation, harnessing opportunities from insurance technology and other smart technology. Online platforms belonging to the Group and partners now offer a broader range of products and self-service options, empowering customers while enhancing partner capabilities. While there is an emphasis on making the transition to digital, there is still a need for relationships of trust with stakeholders. Increased accessibility through technology can pose risks if customers lack guidance, leading to inadequate coverage. In mitigation, the Group will ensure that its digital offerings include human expertise to help customers make informed decisions.

STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT

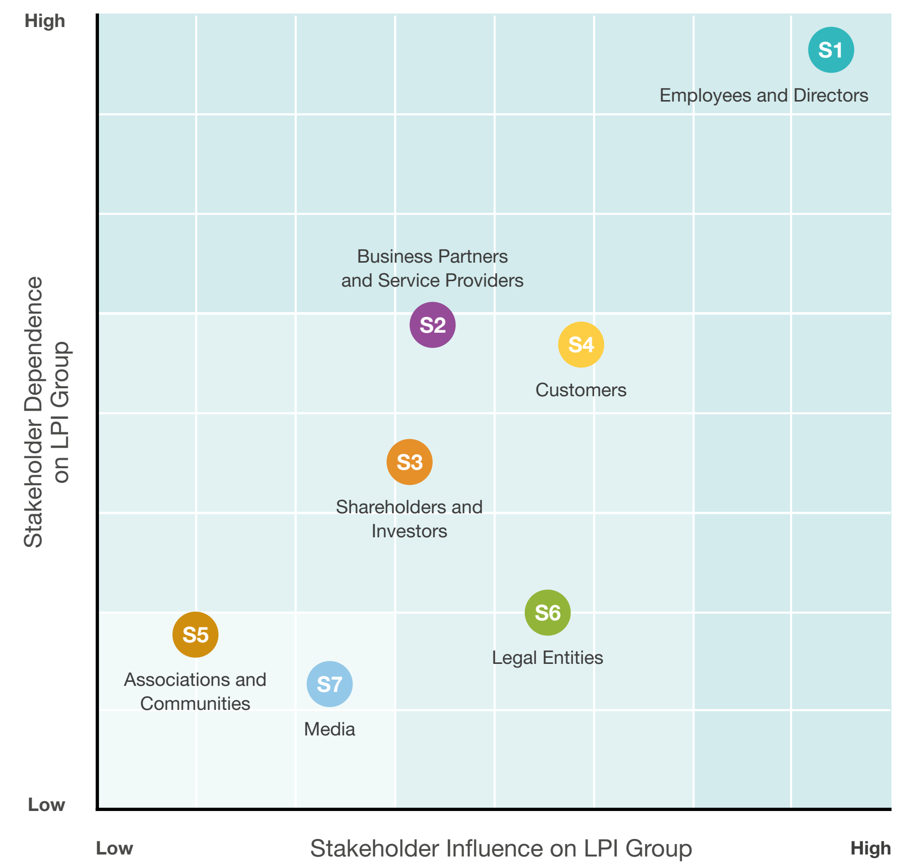
Stakeholder engagement is crucial for the Group, fostering collaboration and ensuring that diverse perspectives are considered, leading to better decision-making. Engaging stakeholders helps build trust and transparency, which can enhance community support and mitigate resistance by addressing their needs. It also enables the Group to identify potential risks and opportunities in an evolving operating environment.

By involving stakeholders, the Group is better able to align its goals with community needs, ultimately leading to more sustainable outcomes. In today's interconnected world, effective stakeholder engagement is essential for long-term success and organisational resilience. The following table outlines LPI's various stakeholder groups and their relationships with us.

STAKEHOLDERS	DESCRIPTION
S1 EMPLOYEES AND DIRECTORS	Employees and directors are key enablers of the Group's value creation activities and are the main form of human capital, as well as intellectual capital for the Group.
S2 BUSINESS PARTNERS AND SERVICE PROVIDERS	Business partners are third parties who facilitate the Group's value creation activities in various ways, such as: ▪ distributing insurance products, ▪ assisting in underwriting risks, and ▪ generating new business leads. These partners are sources of human, intellectual and social capital used in all value creation activities. Service providers are defined as third parties which provides services essential for insurance activities, including outsourced service providers, panel adjusters, lawyers, and workshops.
S3 SHAREHOLDERS AND INVESTORS	Shareholders and investors are stakeholders who hold a direct financial stake in the LPI Group through the purchase of shares or other means. They are sources of financial capital for the Group.
S4 CUSTOMERS	Customers are policyholders and the key audience of the Group's insurance activities. They are sources of financial capital and social capital.
S5 ASSOCIATIONS AND COMMUNITIES	The LPI Group operates within a broader communal context to which it owes duties and obligations. Within this communal context are groups and associations, such as social welfare groups, and groups concerned with special interest topics such as financial literacy and fraud prevention. They are a source of social capital as well as intellectual capital. Trade associations such as Persatuan Insurans Am Malaysia and the Asian Institute of Insurance, also count as part of this stakeholder group.
S6 LEGAL ENTITIES	Legal entities include regulatory authorities that oversee the regulatory framework guiding the Group's operations. Examples include Bank Negara Malaysia, Bursa Malaysia Securities Berhad and Monetary Authority of Singapore, which define the operational boundaries for the insurance sector. Legal entities are sources of intellectual and social capital as they provide advice and expertise concerning the regulatory environment.
S7 MEDIA	The Group's media partners are responsible for communicating information about the Group to its public stakeholders. This includes research analysts who act as intermediaries between the Group and investors. This group is regarded as a source of social capital.

Stakeholder groups are regularly reviewed through a stakeholder prioritisation exercise to ensure they accurately reflect the scope and impact of the Group's activities.

Stakeholder Prioritisation



For details on the Group's stakeholder engagement process, please refer to the Corporate Governance Overview Statement on page 130.

MATERIAL MATTERS

Material matters are critical in guiding organisations towards sustainable practices and strategic decision-making. By identifying and prioritising issues that significantly impact financial performance, stakeholder interests, and environmental sustainability, companies can direct their resources effectively towards their strategic goals.

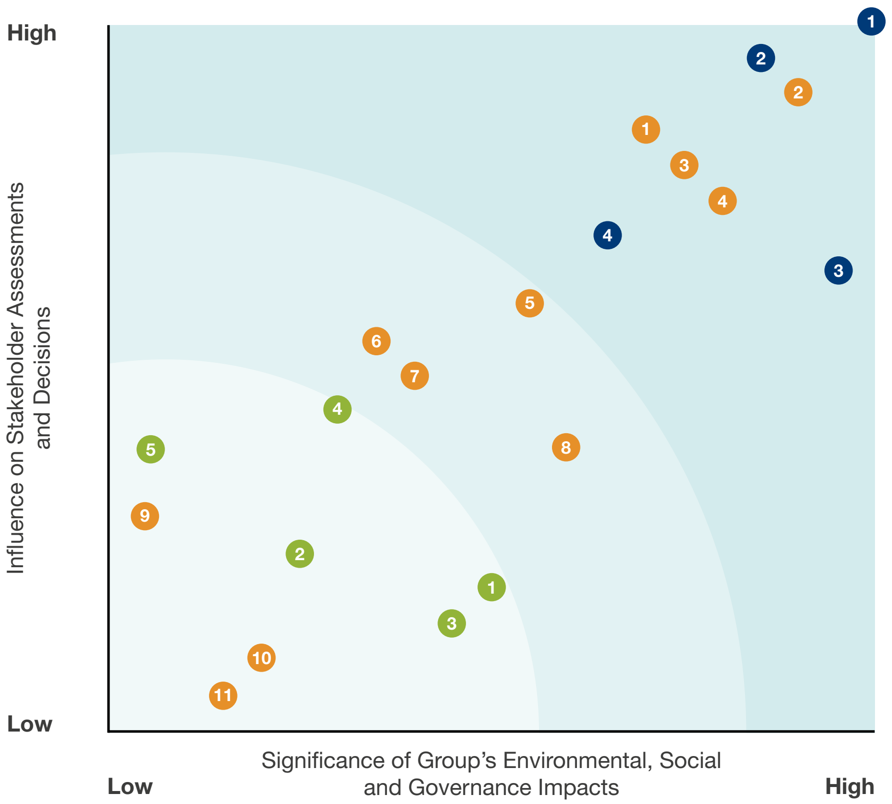
Understanding these material matters helps organisations navigate risks, seize opportunities, and enhance their reputation. Moreover, it fosters transparency and accountability, allowing stakeholders to assess the organisation's impact on society and the environment.

MATERIALITY ASSESSMENT

The materiality assessment is a vital component of the Group's sustainability framework which evaluates and identifies issues that could have a significant financial and non-financial impact on the Group. This includes matters that directly affect value creation activities, as well as those that have indirect or cascading effects.

The Group conducts its materiality assessment regularly to ensure that the identified material matters remain relevant in a changing operational environment. The most recent materiality assessment was conducted this past year. No changes were made to the Group's list of material sustainability matters.

LPI Group Materiality Matrix



ENVIRONMENTAL

1. Climate Mitigation and Resilience
2. Emissions Management
3. Energy Management
4. Water Management
5. Waste Management

SOCIAL

1. Employee Health, Safety and Well-being
2. Customer Experience Management
3. Claims Management
4. Employee Competency
5. Digital Transformation
6. Product Availability and Affordability
7. Diversity and Inclusion
8. Business Partners' Competency
9. Social Responsibility
10. Supply Chain Management
11. Sustainable Product and Investment

GOVERNANCE

1. Anti-Bribery and Corruption
2. Cyber Security, Privacy and Data Protection
3. Financial Rating
4. Corporate Governance

As part of the Group's efforts to align its reporting with best practices, the Group's list of sustainability matters was paired with Bursa Malaysia Securities Berhad's ("Bursa Securities") list of Common Sustainability Matters as per the table below:

Bursa Securities' Common Sustainability Matters	LPI Group's Material Sustainability Matters
Anti-Corruption	Anti-Bribery and Corruption
Community/ Society	Social Responsibility
Labour Practices and Standards	Employee Competency
Diversity	Diversity and Inclusion
Health and Safety	Employee Health, Safety and Well-Being
Data Privacy and Security	Cyber Security, Privacy and Data Protection

VALUE CREATION MODEL

The value creation model outlines the way the Group conducts value-generating activities for its stakeholders. It details the deployment and replenishment of capital inputs, the creation of value, and the stakeholders who benefit from these efforts. The Group's value creation activities include:

PROVIDING GENERAL INSURANCE PRODUCTS AND SERVICES

The core business of the Group is in general insurance, managed by its wholly owned subsidiary, Lonpac, which is responsible for providing:

- Competitively priced insurance products
- Efficient and reliable customer service
- A fair and streamlined claims process

Sales of insurance products generate financial capital through premium revenue, which supports daily operations and claims payouts. Additionally, dividends are paid to shareholders from this pool of financial capital.

SUSTAINING HUMAN CAPITAL

Employees, agents, and partners are vital to the Group's value creation activities. It is important to maintain a sustainable pool of skilled and experienced talent by drawing from multiple capital sources. These include:

- Financial, by providing employees with fair remuneration and benefits
- Human, via recruitment and training
- Intellectual, by providing training programmes, which are conducted internally or by industry-leading experts
- Social, by maintaining LPI's reputation as a desirable workplace

Despite the push towards digitalisation, skilled employees remain essential to the value creation process.

INVESTING IN RESEARCH AND DEVELOPMENT ("R&D") AND INFRASTRUCTURE

R&D and infrastructure represent intellectual and manufactured capital, respectively. They are jointly deployed to develop new insurance products and services. Investment in R&D ensures that offerings remain relevant, profitable, and competitive, especially in a liberalised environment. Strong infrastructure—both physical and digital—supports operations and transaction execution, and also plays a key role in the Group's digital transformation.

PARTNER ENGAGEMENT

The Group relies on public approval for its social licence to operate, necessitating the cultivation of social capital through positive community interactions and fair business conduct. Educating the public on the role of insurance enhances financial literacy, which is particularly important in Malaysia where insurance penetration remains low. The Group actively participates in trade associations, such as Persatuan Insurans Am Malaysia, to help steer the development of the Malaysian general insurance industry.

Given the highly regulated nature of the industry, the Group engages proactively with regulators such as Bank Negara Malaysia and Bursa Malaysia Securities Berhad to provide input on regulatory changes which may impact the Malaysian insurance industry.

TAKING CLIMATE ACTION

Although insurance activities contribute a relatively small amount of direct Greenhouse Gas emissions, the Group remains committed to promoting climate awareness among its customers, which include consumers and industries. The Group is enhancing its climate action initiatives by integrating environmentally friendly products into its offerings, supporting green assets, and potentially introducing coverage tailored for electric vehicles in the future. This approach not only fosters environmental responsibility but creates long-term value for the Group in terms of new business opportunities and prospects.

VALUE CREATION MODEL

VALUE CREATION MODEL

VALUE CREATION CYCLE

INPUTS + DESCRIPTION	REPLENISHED VIA...	VALUE CREATION ACTIVITY	OUTCOMES
FC **Financial Capital** *Funds generated from insurance operations, investments, and borrowings*	■ Revenue generated from the sale of insurance products and services ■ Returns from investments	• Payment of salaries, benefits and other forms of remuneration • Developing innovative insurance products and services • Payment of legitimate insurance claims • Payment of dividends to shareholders • Funding community activities and environmental programmes	• Creating a skilled and experienced pool of human capital for business activities • Providing better and more affordable insurance coverage to the public and improve social capital • Fulfilling the Group's commitment to provide financial assurance to customers • Fulfilling the Group's commitment to create financial value for its shareholders • Create a better society and ecosystem for all
MC **Manufactured Capital** *Physical, material, and technological infrastructure used in the provision and production of insurance products and services*	■ Investments into technology and physical infrastructure ■ Development of new distribution channels for insurance operations	• Creating a base of operations for the day-to-day running of all the Group's business activities • Supporting online transactions and communication between employees, agents, intermediaries, and customers • Supporting day-to-day operations with all necessary technology and automation involved	• A safe and reliable workplace where stakeholders, including employees and agents, can work, meet, and carry out business activities • Flexible yet conducive operating systems to maintain and enhance human and intellectual capital • The efficient undertaking of all business operations to achieve the economies of scale and contribute to financial capital
IC **Intellectual Capital** *Intellectual know-how used for the research and development of new insurance products and services*	■ Investments into research and development	• Development of insurance products and services • Identifying risks and opportunities to steer business strategy and direction	• Diversify products and services while creating new revenue streams • Ensure that the Group remains competitive by managing risk and making the most of new opportunities
HC **Human Capital** *Manpower utilised in insurance and investment operations*	■ Recruitment and training of new and existing personnel and agents via hiring and training programmes	• Personnel necessary for the undertaking all business operations including the development, sales and promotion of insurance products and services • Regular training and development of personnel	• Secure the continuity of effective business operations, achieve economies of scale, and support value creation activities • Create a cohort of skilled insurance practitioners for the Group as well as the wider job market
SC **Social Capital** *Relationships of trust with stakeholders* *Social licence to operate within the larger community*	■ Regular meetings with stakeholder groups ■ Transparent disclosure of business activities	• Create open, bi-directional communication channels with regulators and industry partners • Provide stakeholders with a clear overview of Group operations to inform their decisions, e.g. investment decisions, to seek insurance coverage with us, etc. • Investment into social welfare through the Group's Corporate Social Responsibility programme	• Enable the Group to help steer the development of the general insurance industry for the benefit of stakeholders • Establishing new relationships and strengthening existing ones with stakeholders • Strengthen the resilience of community groups by providing them with the resources they need to carry out their mandates
NC **Natural Capital** *Natural inputs that support and enable all Group activities*	■ Activities that support climate action ■ Activities that seek to reduce the Group's carbon footprint	• Support climate action to help reduce emissions and contribute towards a more sustainable environment • Reduce the impact of business operations on the environment	• Green insurance products, enhancements to sustainability reporting and integrations of sustainability-focused elements into value creation activities to help stakeholders transition into the low carbon economy • Manage resource usage to reduce the Group's impact on the environment and support the national agenda in achieving net zero

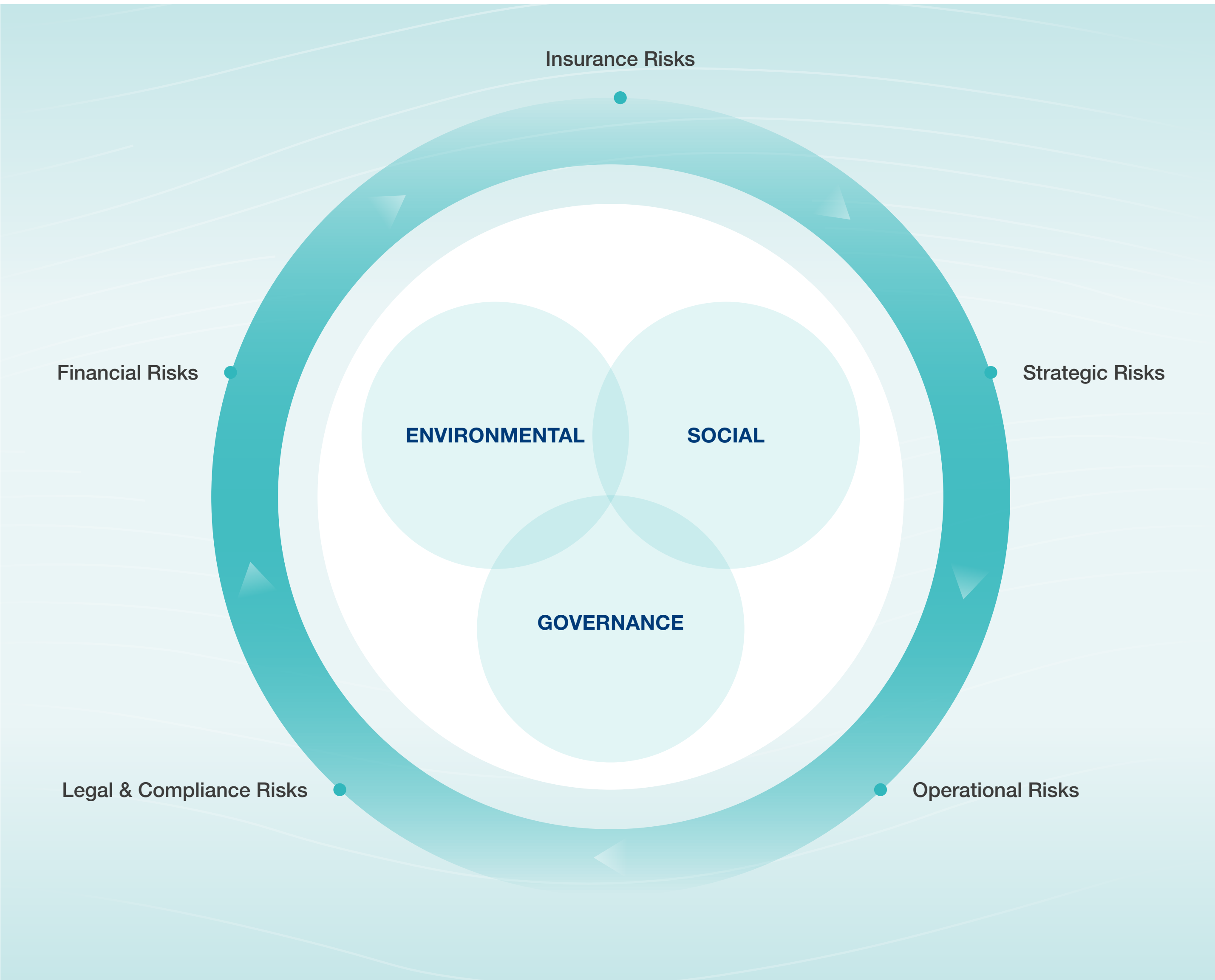
KEY RISKS AND MITIGATION

KEY RISKS AND MITIGATION

Taking risk is an integral part of insurance, but this is done carefully and within the risk appetite, risk tolerance limit and framework set by the Board of Directors ("Board"). LPI Group endeavours to only take risks the Group understands, have the expertise to manage and where the Group assesses that potential benefits outweigh the risks.

LPI Group's risk management framework sets out the approach for the identification, assessment, management, monitoring and reporting of risks. LPI Group's Board sets risk appetite and regularly reviews performance against the risk tolerance limits.

The risk management process involves a continuing process of ranking business risks and focusing the planning effort on critical risks and sustainability components, in relation to the Group's core business processes.



A structured approach is established within the risk management framework which is used to conduct comprehensive risk assessment of every individual risk identified with sustainability element being considered, each with its own unique set of characteristic and operational implications.

Having a good risk management framework is not adequate by itself; its operation depends on a culture where the LPI Group's employees act in accordance with its corporate values. LPI Group does this by ensuring an appropriate tone from the top with clear management accountability for the risks the Group faces. This tone, reinforced by the code of conduct, influences the behaviour of the employees throughout the Group and drives a consistent consideration of risk as a natural part of decision making.

The Board has carried out a robust assessment of the key risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. The key risks and uncertainties are described in the table below. The Management has put in place actions to mitigate these risks, and controls to maintain risk exposures within acceptable levels defined by the risk tolerance limit. Regular monitoring and reporting of risks enable continuous review and prompt management actions to be taken.

Independent and Governance Departments			
Compliance	Enterprise Risk Management & Sustainability	Information Security	Internal Audit

Support Departments

- Administration
- Actuarial
- Branches Strategic Performance
- Claims
- Employees Development
- Human Resource
- Finance
- Information Technology
- Legal
- Pricing
- Product Development
- Secretariat
- Underwriting

Distribution Channels

- Agency
- Branches
- Broking
- Customer Service
- Digital Business
- Financial Institution
- Fubon
- Global Partnership
- Trade Credit

KEY RISKS AND MITIGATION

KEY RISKS AND MITIGATION

RISK TYPE	MITIGATION EFFORTS		LINK TO STRATEGY
FINANCIAL RISKS Risk in the asset portfolio due to credit risks, market risks, interest rate risks, foreign currency risks or liquidity risks.	• Diversification of investments and reinsurance placements to avoid concentration risk on single counterparty. • Credit control policies and procedures carried out by the Credit Control Unit. • Investment guidelines to describe the threshold for each type of investment. • Investment in sustainable assets to minimise the impacts arising from sustainability-related risks. • Independent assessment on financial security of the counterparties before entering into an agreement.	• Close monitoring of the financial security of the panel of reinsurers. • Ensuring sufficient liquidity is maintained so that sufficient funding is available to meet the insurance contract and other obligations. • Set up of contingency funding plans. • Cash call from reinsurers to be instituted on major claims.	LPI Group sets its strategy to thrive in the short-, medium- and long-term. The Group committed to maintaining a strong capital adequacy level, in order to maintain the ability to meet the obligations to customers at all times.
STRATEGIC RISKS Risk arises from underlying strategies that turns out to be a poor business strategy decision.	• Product Development Department to oversee the design and implementation of new products. • Pricing Department to ensure insurance premium is reasonable by comparing the premiums with other market players. • Conduct comprehensive market research to understand competitor movements, as well as thorough analysis before the launch of new products, with frequent monitoring of new business production and profit performance. • Annual review of reinsurance arrangements. • The Information Technology Steering Committee ensures the effective planning and direction of IT plans and projects.	• Digital Business Department to diversify the distribution channel and enhance the Group's customer buying experience. • The Investment team executes Group's investment objectives, which aims to maximise returns consistent within prudent levels of risks. • Sustainability Council and Sustainability Committee to oversee the design and implementation of the sustainability-related matters.	LPI Group continues to ensure prudent and profitable underwriting practices in order to maximise the returns on the resources available within the confines of regulatory requirements. The Group aims to achieve a sustainable business while maintaining capital stability for its shareholders and customers. LPI Group is expanding and enhancing the current distributional channels to reach all segments of society and customer groups within the markets where it operates. The Group aims to create value for its customers in the long run. Diversified distributional channels with good and professional customer services and innovative products create better buying experiences for its customers.
INSURANCE RISKS Risk arising from insurance business (i.e. underwriting and claims).	• Ongoing discussion of Group's specific trends, changes in business environment and claims processes. • Balance of portfolio to ensure spread of risk. • Annual independent review of product pricing. • Annual review of underwriting guidelines.	• Monitoring exposures of the flood-prone areas for prudent underwriting practices. • Regular monitoring of claims experience. • Stress-testing to identify potential threats due to exceptional but adverse plausible events.	The efficiency of its claims processes differentiate LPI Group from its competitors. The Group is committed to constantly improve its claims management process to ensure that it meets the customers' demands as quickly and fairly as possible.
OPERATIONAL RISKS Risk arising from inadequate/ failed internal processes, people, systems or unexpected external events and from the damage to the Group's reputation.	• Periodical reviews and monitoring of internal processes are performed to ensure viability and appropriateness with respect to the changing operating environment. • Structured guidelines, access rights, training and organisation of work with random checks and reviews help control the risks of human errors. • Regular back-ups, software/ hardware acquisition policies and benchmark tests are utilised to ensure the quality of internal systems. • Independent third-party security assessments are conducted to ensure the Group's systems and data are protected. • The external operating environment is monitored closely and the Business Continuity Plan is reviewed periodically.	• Regular review of remuneration policy to ensure the employee are treated fairly. • Regular review of policy on general conduct to ensure that customers are treated fairly and employees maintain high standards of responsible and professional conduct when dealing with customers. • Work from home arrangement with Virtual Private Network facilities for employees, to ensure continuity of operations, while maintaining the data confidentiality. • E-policy documents and recycling practise to reduce the Greenhouse Gas ("GHG") emissions.	LPI Group is committed to operational excellence, guided by integrity and professionalism. Together, with its business partners, particularly agents, the Group is committed to a high level of integrity and professionalism. To support the professional development of its agents, the Group conducts regular training and development workshops for them. Agent retention is one of the Group's key priorities as good, experienced and trained agents are the key assets of the Group.
LEGAL AND COMPLIANCE RISKS Risk arising from a breach of the applicable laws and regulations.	• The Board, through the Compliance Committee and Management promote a strong compliance culture in the Group. • A Compliance Policy approved by the Board, was developed to promote the safety and soundness in managing and limiting compliance risk in the Group. • A Compliance Management Framework approved by the Board, was developed and provides a structured process of handling compliance issues, which also identifies the duties and responsibilities of each staff to comply with legal and regulatory requirements. • A comprehensive Anti-Bribery and Corruption Policy ("ABC Policy") supports the Group's stand on the adoption of zero-tolerance against all forms of bribery and corruption. The Policy is applicable to board members, employees and any third party acting on the Group's behalf. Vendors and representatives as in third parties acting on behalf are required to acknowledge and submit a declaration on their observance of LPI's Group ABC Policy. • A robust Whistleblowing Policy which is applicable to parties both internally and externally is available on LPI Group's website for all concerned to note and utilise, when required. Clear and independent whistleblowing channels have been introduced for this purpose. • The Anti-Fraud Policy supports the facilitation of controls to aid the detection and prevention of fraud in or against the Group.	• The Group has in place internal policies and procedures relating to prevention of money laundering, terrorism financing and proliferation financing. These policies and procedures include the mandatory requirements of sanctions screening and customer due diligence before onboarding customers. • Treating consumers fairly remains the Group's utmost priority whilst providing insurance solution to its consumers. The tone from the top on managing financial consumers fairly is revealed in its subsidiary, Lonpac Insurance Bhd's Customer Fair Treatment Charter. Information such as the product benefits and exclusions shall be transparently disclosed to consumers before they make an informed decision. • The Compliance Department also conducts regular trainings for staff and authorised representatives as education and awareness on these policies which support the intention to mitigate any legal or compliance risks in the Group.	LPI Group is engaging the customers who are in high environmental, social, and governance risk sectors and are significant to its business, by promoting sustainable business practices (e.g. climate adaptation and resilience). LPI Group is committed to reducing paper consumption by promoting the e-policy in managing its GHG emissions.

MANAGEMENT APPROACH TO MATERIAL MATTERS

ANTI-BRIBERY AND CORRUPTION

Related UN SDG:

Why is this Important?

The Group supports all efforts to prevent bribery and corruption as defined by the Malaysian Anti-Corruption Commission Act 2009 and Singapore's Prevention of Corruption Act (1960). Any violation of the provisions of the act may have severe reputational impact on the Group and may also expose the Group to legal liability that threatens the Group's overall sustainability.

Our Approach

In 2024, anti-bribery and corruption training sessions were held for employees in both English and Bahasa Malaysia. The training sessions were designed by Lonpac's Chief Compliance Officer and focused on improving their awareness of the legal requirements of the relevant acts, as well as awareness of the Group's expectations in relation to anti-bribery and corruption. The training comprehensively covers the various elements and types of corruption, including bribery, as well as anti-corruption measures.

MANAGEMENT APPROACH TO MATERIAL MATTERS

Our Performance

	Target	2024	2023	2022
Percentage of operations assessed for corruption-related risks*	More than 90% of operations assessed for corruption-related risks	**100%**	94%	94%

* *Revenue from insurance and investment operations are used as proxies to measure percentage of operations*

	Target	2024	2023	2022
Confirmed incidents of corruption	Zero tolerance on bribery and corruption	**0**	0	0

	Target	2024	2023	2022
Percentage of employees who have received training on anti-corruption				
Total Employees	More than 90% of employees received training on anti-bribery and corruption	**98%**	91%	-
Manager		**98%**	80%	-
Executive		**99%**	98%	-
Non-Executive		**97%**	97%	-

The majority of the Group's employees completed the annual training in 2024, which requires its employees to complete an assessment of their understanding of the Group's anti-bribery and corruption, anti-fraud, and whistleblowing policies. All service providers of the Group are required to sign an undertaking letter aligned with LPI's anti-bribery and corruption commitment.

In addition to anti-corruption training, the Group conducts an annual corruption risk assessment to identify weaknesses within its processes due to the changing environment. There were no instances of bribery or corruption identified or reported in 2024 nor in preceding years.

MANAGEMENT APPROACH TO MATERIAL MATTERS

CYBER SECURITY, PRIVACY AND DATA PROTECTION

Related UN SDG: 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Why is this Important?

Growing technology use in all aspects of daily life has heightened data safety and privacy risks and concerns. Instances of data leaks and piracy are becoming increasingly commonplace, and the repercussions of such breaches growing more severe due to the increasing sophistication of data pirates and technological scams. The failure to safeguard data and privacy could subject the Group to financial, legal, and reputational liabilities, which may impact the overall sustainability of the Group. Consequently, privacy and data protection have emerged as significant sustainability considerations for the Group.

Our Approach

As part of the Group's efforts to prevent network breaches, regular investments are made into the Group's cyber security infrastructure, while third parties are periodically engaged to evaluate and audit the Group's systems security and Information Technology ("IT") policies. A Privacy Policy is in place to specify the proper use of data and customers' confidential information by the Group's employees and partners. Policy violations may result in disciplinary action. The full text of the Privacy Policy is available online at:

https://www.lpicapital.com/home/privacy-policy | https://www.lonpac.com/home/privacy-policy

The Group has taken more steps to align its policies with the Personal Data Protection Act 2010 and Bank Negara Malaysia's ("BNM") Risk Management in Technology policy document. These policies set out the regulator's requirements regarding the management of customer information and the technology risks for financial institutions. Additionally, the Group conducts IT security awareness for employees, which requires them to pass an annual security awareness test. Meanwhile, the Group also conducts regular cyber security measures such as annual internal and external penetration testing, annual source code review, annual web application security assessment, and other vulnerability checks.

Our Performance

In 2024, the Group experienced no instances of successful cyber intrusions, complaints regarding breaches of customer privacy, or incidents of confidential data loss. Furthermore, the Group successfully addressed all high-priority vulnerabilities identified through penetration testing and web assessment exercises within the prescribed timeframe. These achievements were aligned with its Sustainability Blueprint, which aims for zero instances of cyber encroachments for the Group.

	Target	2024	2023	2022
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Complaints concerning breaches of customer privacy and losses of customer data shall not be more than 10 cases	**0**	0	0
Number of high-priority vulnerabilities unresolved	Zero tolerance to unresolved high priority vulnerabilities	**0**	0	0
Number of incidents relating to loss of confidential data	Zero tolerance for loss of confidential data	**0**	0	0
Number of incidents of successful hacking	Zero tolerance to successful hacking	**0**	0	0
Number of critical applications running on end-of-life system	Zero tolerance to critical applications running on end-of-life system	**0**	0	0

MANAGEMENT APPROACH TO MATERIAL MATTERS

FINANCIAL RATING

Related UN SDG: 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Why is this Important?

Financial rating is a measure of the overall strength of the Group's balance sheet, and serves as a significant indicator of the Group's sustainability. This is particularly important amid the present volatile and uncertain operating conditions. A pivotal sustainability concern for the Group, the Group's financial rating directly influences its capacity to maintain value creation activities. Financial ratings also play a crucial role in determining the level of stakeholder confidence in the Group.

Our Approach

As part of the Group's efforts to preserve its financial rating, it has in place the LPI Group's Capital Management Plan ("CMP") which is prepared in compliance with existing regulatory requirements as well as operating framework. The CMP analyses the threats posed by emerging risks to the Group's financial base and prescribes remedial action should developments trigger a capital event. In addition, the Group conducts regular stress tests in line with BNM's Policy Document on Stress Testing. This also helps to identify threats to the Group that may emerge from adverse financial or capital events, developments in the operational environment, the Group's risk profile and the Group's business activities.

* *For further information on financial strength and rating, refer to page 32.*

Our Performance

A.M. Best, on 11 December 2024, reaffirmed its Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of "a" (Excellent) for Lonpac with a stable outlook. This rating has been maintained by A.M. Best over the past several years.

	Target	2024	2023	2022
Financial Strength Rating	To maintain a minimum A- in Financial Strength Rating	**A**	A	A

MANAGEMENT APPROACH TO MATERIAL MATTERS

CORPORATE GOVERNANCE

Related UN SDG:

Why is this Important?

The corporate governance of the Group encompasses a framework of rules, practices, and processes that govern and oversee all operations. A significant material matter, corporate governance ensures that every part of the Group operates in accordance with expectations and that all stakeholders receive equitable treatment in their interactions with the Group. Operationally, effective corporate governance guarantees that the resources employed in the Group's value creation activities are used judiciously and efficiently, directing the created value to the appropriate stakeholders.

Our Approach

The oversight of the Group's corporate governance falls under the direct purview of the Board, which maintains an active and hands-on involvement in all facets of the Group's corporate governance management. This commitment to robust corporate governance is expected from every employee, as well as agents, intermediaries, and business partners. As part of the Group's corporate governance practice, the Group does not retain the audit partners for more than five years, as stipulated by BNM's Policy Document on External Auditor. The Group is unwavering in its commitment to uphold the shareholder rights, ensuring transparency and accountability through robust procedures for voting on director appointments and dismissals. For a detailed overview of the Group's corporate governance, please refer to page 114 of this report.

Our Performance

The Group measures its corporate governance performance via two metrics. The first measures the monetary loss due to legal proceedings associated with the marketing of insurance products. The second tracks penalties, financial and non-financial, incurred due to non-compliance with regulatory requirements.

	Target	2024	2023	2022
Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	Zero tolerance to legal proceedings associated with the marketing and communication of insurance product related information	**0**	0	0
Total amount of penalty imposed by regulators due to non-compliance	Zero tolerance to penalty imposed by regulator due to non-compliance	**0**	0	0

MANAGEMENT APPROACH TO MATERIAL MATTERS

EMPLOYEE HEALTH, SAFETY AND WELL-BEING

Related UN SDG:

Why is this Important?

Ensuring the health, safety, and well-being of the Group's employees is a top priority for the Group and essential for maintaining elevated levels of employee morale. Morale is connected to performance and productivity levels, and the retention of staff, making it a critical element of the Group's sustainability.

Our Approach

The following policies are in place to protect LPI Group's employees:

WHISTLEBLOWING POLICY

Employees are protected from retribution for reporting breaches in professional conduct by other employee.

ANTI-HARASSMENT POLICY

The Anti-Harassment Policy restates the Group's zero-tolerance of any form of harassment against employees and the recourses available to them.

GRIEVANCE PROCEDURES

This policy provides a step-by-step guide for employees reporting grievances and seeking redress.

MANAGEMENT APPROACH TO MATERIAL MATTERS

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Benefits available to the Group's employees include preferential interest rates for housing loans, interest subsidies on housing and vehicle loans, subsidised vehicle insurance coverage, etc. The Group also funds recreational activities for employees to foster stronger team bonds through sporting and social activities. Additionally, employees are discouraged from working excessive hours and are guaranteed equal pay for equal work, with remuneration reflecting the level of individual responsibility, skill, competency, and experience, as well as the dynamics of the business and the Group's competitiveness within the industry without any discrimination.

The Group's Overtime & Extra Hours Policy states that employees must not, under any circumstance, work more than 12 hours in any one day. The Group places employee safety and well-being among its top priorities, acknowledging their importance in the value creation cycle. Employees are given all necessary tools and training to succeed within a safe and productive working environment during their employment, while proactive workplace safety management is in place to safeguard employee safety.

The Group's Policy for Protection Against Discrimination and Harassment emphasises that bullying is a type of harassment, and the Group maintains a zero-tolerance stance against all forms of discrimination and harassment.

The Group has also implemented the Health and Safety Policy guided by the Occupational Safety and Health Act 1994 to further promote safe and healthy work practices. This includes a mandatory health screening and annual medical checkup, as well as ongoing health and safety trainings covering topics such as fire awareness, workplace ergonomics, mental health, etc. Occupational Safety and Health Coordinator has been appointed in all the branches and head office, to identify the potential hazards and assess the risks within the workplace.

The Group applies all applicable human rights laws and regulations, such as Malaysia's Employment Act 1955 and Singapore Employee Act 1968, and complies with the minimum wage requirements in all countries in which it operates.

Our Performance

Compliance with Human Resource Policies

The Group has assigned dedicated personnel to handle disputes that may arise pertaining to Human Resource policies. There have so far been no complaints reported under the Group's Whistleblowing Policy, Harassment Policy, or Grievance Procedures.

	Target	2024	2023	2022
Number of cases reported under Whistleblowing Policy, Harassment Policy, and Grievance Procedures	Cases reported under Whistleblowing Policy, Harassment Policy and Grievance Procedures shall not be more than 10 cases	**0**	0	0

Workplace-related Injuries

The Group strives to prevent all workplace fatalities and injuries by ensuring the workplace is conducive to employee's health and safety. Employees also undergo regular health and safety trainings to give them the necessary knowledge to prevent injury in the course of their work.

	Target	2024	2023	2022
Average monthly working hours per employee	Average monthly working hours per employee shall not be more than 180 hours	**151**	150	146
Number of work-related fatalities	Zero fatality	**0**	0	0
Lost Time Incident Rate ("LTIR")	LTIR shall not be more than 0.5	**0.0**	0.4	0.1
Number of employees trained on health and safety standards	-	**462**	504	126
Percentage of employees trained on health and safety standards	More than 50% of employees to receive training on health and safety	**54%**	61%	15%

Human Rights

The Group strives to minimise any instances of human rights violations and measure its success by the number of substantiated complaints in any given year.

	Target	2024	2023	2022
Number of substantiated complaints concerning human rights violations	Complaints concerning human rights violations shall not be more than 10 cases	**0**	0	0

CUSTOMER EXPERIENCE MANAGEMENT

Related UN SDG:

Why is this Important?

The Group embraces a customer-centric business philosophy that prioritises the customer in all aspects of its operations. At the centre of this customer-centric approach is customer experience management which comprehensively assesses the level of customer experience, satisfaction, support received provided, efficiency of the claims process, and overall ease of interaction with the Group. As customers are the main beneficiaries of the Group's products and services, it is important from a business and reputational standpoint that they receive and experience the highest level of service in their dealings with the Group.

Our Approach

The Group's subsidiary, Lonpac, leverages digital technology to create platforms such as the Lonpac EzPortal (https://www.ezlonpac.com/cp/account/login) and Lonpac E-Assist services (https://www.lonpac.com/claims/e-assist-services/road-assist). The Lonpac EzPortal is a one-stop centre enabling customers to manage their insurance needs online quickly and efficiently. Lonpac continues to enhance its online platforms to create communication channels for business partners and customers so that their questions and concerns can be quickly addressed. Additionally, all Lonpac branches have facilities in place enabling the customers to provide feedback on the level of service received. Lonpac's Customer Service Charter sets the standards to ensure the Company delivers an outstanding service to its customers with the following 4 pillars:

Our Performance

The Group measures the level of customer experience management by way of the growth of customer policy renewal ratio and in-force policy count. The decrease in the in-force policy count in 2024 was mainly due to changes in the policy issuance process for Lonpac Singapore, in which individual policies were converted to group policies.

	Target	2024	2023	2022
Customer policy renewal/ retention ratio	To retain more than 70% of total renewable policies	**80%**	81%	80%
In-force policy count (in thousands)	To have positive growth in the number of in-force policy count	**1,380**	1,382	1,330

MANAGEMENT APPROACH TO MATERIAL MATTERS

CLAIMS MANAGEMENT

Related UN SDG:

Why is this Important?

Claims management is a key material matter as it has a direct impact on the sustainability of the business as well as on customer satisfaction levels. It is therefore important to the competitiveness of the Group in the wider insurance market, and in ensuring the Group's continued profitability and sustainability. The operational impact of the claims process is discussed in CEO's Message on page 36.

Our Approach

The Group's tailored claims experience is crafted to enhance customer satisfaction, minimise the likelihood of miscommunications, and foster customer retention. It is intentionally designed to be efficient, user-friendly, and transparent, offering customers a high degree of visibility into the status of their claims and the expected timeframe for completion.

The Group has also integrated cutting-edge technologies into its claims process and has started benefiting from streamlined systems featuring intelligent workflows that blend data with automation and straight-through processing. This integration across organisational boundaries empowers both claims employees and the customers, accelerating service delivery and expediting claim settlements.

The launching of the Lonpac's Customer Claims Portal (https://www.lonpac.com/claims/motor/claims-portal) enables the customers to notify a motor claim and upload and download documents. Customers can check for status updates and important information regarding their claims, ensuring that the customers are always informed when it comes to their claims. Recognising the importance of timely communication, the Group has expanded its communication channels. In addition to email and Short Message Services ("SMS") push notifications, the Group has further refined its outreach methods. Customers can now receive frequent and timely updates on the progress of their claims, including the status of their vehicle repairs. This multi-faceted approach enhances transparency and keeps the customers informed at every stage of the claims process.

Our Performance

To gauge the claims performance on a year-on-year basis, the Group tracks data points that measure efficiency, completeness, and service standards.

	Target	2024	2023	2022
Claims management productivity	To settle more than 1,400 claims files per employee	**1,421**	1,441	1,340
Complaints-to-claims ratio	Complaints-to-claims ratio to be not more than 0.5% on number of complaints received (claims related) to the total number of claims registered	**0.1%**	0.1%	0.1%

MANAGEMENT APPROACH TO MATERIAL MATTERS

EMPLOYEE COMPETENCY

Related UN SDG:

Why is this Important?

Employee competency encompasses the capabilities and skillsets of the Group's workforce against the expectations for their respective roles. Employee competency is important to sustainability as it is foundational to all value-creation activities. Competency applies across a broad spectrum of skills necessary in the insurance business, ranging from specialised risk analysts and actuarial scientists to customer service agents and frontline support employees.

Our Approach

The Group encourages the development of a culture of continuous learning and professional achievement among the employees. While professional qualification may not necessarily translate into superior performance, the Group nevertheless feels that it is important for staff to receive the highest level of training possible if they are to perform at optimal levels. The Group therefore prioritises educational attainment and professional qualifications as essential components of employee development.

Thus, while new employees are required to obtain the mandatory Basic Certificate from Asian Institute of Insurance, the Group actively encourages employees to seek out higher qualifications such as a bachelor's degree or equivalent professional qualification. To help the employees do so, the Group provides its employees with both financial and non-financial support.

To address skill gaps and fortify competencies, the Groups conducts regular assessments of employees' training needs. The training initiatives are reviewed to ensure relevance, focusing on technical expertise and interpersonal skills. Employees are nominated by their superiors to attend tailored training sessions, fostering holistic development. The Group actively encourages employee to advance their expertise through professional certifications and developmental opportunities. The Group has instituted various incentive schemes, including scholarships for professional courses, rewards upon obtaining specific certifications, study leave, examination leave, and subsidies for professional memberships.

The following are some of the training programmes held by the Group in 2024:

- Tailored in-house training sessions addressing Compliance, IT Security, and technology-focused topics.
- Advanced skill-building programmes concentrating on job-specific technical expertise.
- Participation in prominent industry conferences featuring renowned thought leaders.
- Leadership and team dynamics workshops designed for junior and middle management.
- Professional certification programmes to strengthen expertise and credentials.
- Development of core competencies through work skills and interpersonal training.
- Awareness sessions on safety, health, and environmental best practices.
- Specialised programs on sustainability and climate action delivered by field experts.

Lastly, employee turnover rate is a key consideration in employee competency. The Group invests significant resources in developing employee competency, but this is insufficient if the employee is not retained for the Group. It is therefore imperative that the Group identifies the factors for employee turnover and create an environment where the employees feel valued and motivated to stay. To that end, regular staff satisfaction surveys are held, while career development and competitive remuneration have been made part of the Group's employee retention strategy. Employees are recognised with long service awards, receiving a medallion as a token of appreciation for their commitment to the Group.

MANAGEMENT APPROACH TO MATERIAL MATTERS

Our Performance

	Target	2024	2023	2022
Employees with bachelor's degrees or professional qualifications	To have more than 60% of employees at executive level or above hold Bachelor's Degrees or professional qualifications	**68%**	68%	67%

In 2024, the Group invested on its talent development programme with each employee receiving on average 33 hours of training during the year.

	Target	2024	2023	2022
Percentage of employees who received formal training	To have more than 95% of employees receive formal training	**99%**	99%	99%

	Average Training Hours per Employee			Total Hours of Training		
Target	To have more than 16 hours of average training hours per employee			-		
	2024	2023	2022	2024	2023	2022
Total Employees	**33**	20	22	**27,717**	16,912	17,924
Manager	**40**	30	-	**13,666**	9,706	-
Executive	**30**	17	-	**12,082**	6,562	-
Non-Executive	**17**	5	-	**1,969**	644	-

Retaining skilled and experienced employees is necessary for the implementation of the Group's value creation activities. The following table provides a breakdown of the employee turnover rate in relation to targets.

	Employee Turnover rate			Total Number of Employee Turnover		
Target	Employee turnover rate to be not more than 10%			-		
	2024	2023	2022	2024	2023	2022
Total Employees	**6%**	8%	7%	**50**	63	57
Manager	**5%**	8%	-	**17**	25	-
Executive	**7%**	6%	-	**25**	23	-
Non-Executive	**7%**	12%	-	**8**	15	-

MANAGEMENT APPROACH TO MATERIAL MATTERS

DIGITAL TRANSFORMATION

Related UN SDG:

Why is this Important?

The Group continues to advance its digital transformation initiatives to improve the integration of technology into its operations and the incorporation of automation into its processes. The Group continues making substantial investments in its technology infrastructure to keep abreast of rapid technological advancements, and secure its competitiveness and deliver the highest quality of service to its customers.

Our Approach

The Group's technology endeavours are influenced by the expectations of its stakeholders, who are becoming more technologically adept and increasing their demand for greater technological solutions. For example, customers want more control over their insurance portfolios through online channels, seeking the ability to purchase policies and adjust coverage terms directly on the internet. Some of the Group's initiatives towards this end include:

- Improving the claims system by automating claims processing while providing customers with real-time claim status updates.
- Introducing the Lonpac E-Assist website which allows customers to obtain roadside assistance with simple clicks over the mobile phone. Customers are also able to track the location of the tow truck in real time.

As part of the Group's sustainability and digital transformation plan, the Group actively promotes the digitalisation of policies through its distribution channels. The conversion to e-policies does not only minimise the carbon footprint, but also offers customers the greater convenience of accessing their documents from the comfort of their own devices. At present, customers have direct access to their policies and claims through the *ezLonpac Portal*.

The percentage of policies that have been converted to e-policies is used as a gauge of demand for digital solutions. As part of the Group's 2024 digitalisation strategy, the Group has procured less paper as compared to the previous year, despite the increase in the number of policies written.

Our Performance

For the Group's performance in relation to digital transformation, please refer to the Task Force On Climate-Related Financial Disclosures ("TCFD") - Aligned Disclosures' metrics and targets on page 88.

MANAGEMENT APPROACH TO MATERIAL MATTERS

PRODUCT AVAILABILITY AND AFFORDABILITY

Related UN SDG:

Why is this Important?

The Group endorses financial inclusivity as a fundamental national development objective as advocated by BNM. This objective aims to ensure widespread access to high-quality, affordable financial services, including insurance, to help Malaysians and Singaporean to accumulate and safeguard their wealth. Financial inclusivity, alongside achieving high-income status and sustainability, stands as a key goal in the national development agenda.

Our Approach

The Group aligns its goals of financial inclusivity with those outlined in BNM's Financial Sector Blueprint 2022-2026. This blueprint aims to achieve an insurance/takaful penetration rate of between 4.8% to 5.0% of Gross Domestic Product and double the number of individuals enrolled in microinsurance and microtakaful. In support of this goal, the Group's subsidiary, Lonpac has developed a range of insurance products for Malaysians from all walks of life.

Financial inclusivity focuses on Product Availability and Product Affordability:

- **Product Availability:** The Group's online portal serves as a strategic avenue where customers can access a diverse range of insurance products at their convenience. The Group prioritises the continuous enhancement of its digital platform, ensuring an intuitive and user- friendly interface that empowers its customers to explore, understand, and purchase insurance products effortlessly. The Group also working on expanding the range of insurance products available for purchase through the portal.
- **Product Affordability:** The Group adopts a strategic pricing approach that reflects fair and competitive premiums. Through data-driven insights and market analysis, the Group strives to offer insurance products that provide optimal coverage while remaining affordable.

Meanwhile, Lonpac participates in government-led low-cost insurance plans and offers instalment payment plans to make insurance more affordable to a broader range of customers. Other features include a co-payment and deductibles plan in exchange for lower premiums that offer protection from large losses at a more affordable rate. In addition, the development of the Lonpac's online sales portal has made insurance more accessible, especially for those living in areas without convenient access to a bank or an insurance branch.

Financial inclusivity is a central consideration in Lonpac's business plan. Lonpac has started offering simple Motor and Travel insurance online. These online plans provide uncomplicated protection and is available at lower cost due to the efficiencies gained through digital channels. As Lonpac's digital ecosystem matures, Lonpac will be able to provide greater coverage across a broader spectrum of insurance classes at prices affordable to a wider range of Malaysians.

Lonpac is committed to promoting products that encourage healthy, safe, and environmentally responsible behaviours. In line with this commitment, the Company plans to explore the solar panel benefits for commercial risks in 2025.

Highlighted below are some of the products currently offered:

- **E-Assist Smart Driver Personal Accident:** Provides double indemnity for accidental death or total permanent disablement if policyholders sustain bodily injuries while using land public transport. This product incentivises the use of public transport as a safer and more sustainable alternative to driving.
- **Green Mortgage Home Secure Plus & Green Mortgage Fire Secure Plus:** Designed to support green building development, these products include coverage for buildings with Green Building Certificate status, ensuring protection in the event of loss or damage to the building or a subsequent loss of its green status. Additionally, they offer complimentary insurance coverage for eco-friendly electrical appliances, reinforcing the Group's commitment to sustainability.

MANAGEMENT APPROACH TO MATERIAL MATTERS

Our Performance

Gross Written Premiums ("GWP") from digital business is one of the sources of metric the Group used to measure the Group's performance in relation to this material matter.

	Target	2024	2023	2022
Percentage of growth of GWP from Digital Business	The growth rate of GWP from Digital Business to be more than the growth rate of the Group's overall GWP	**31%**	24%	(3%)

DIVERSITY & INCLUSION

Related UN SDG:

Why is this Important?

The Group values diversity within workforce, acknowledging the advantages that come from having employees with varied backgrounds. A team with diverse experiences and perspectives is especially valuable in countries with a multi-ethnic population. A diverse staff ensures that discussions incorporate viewpoints from specific cultures and heritages, enriching the Group's ability to generate ideas and devise solutions for the challenges encountered.

Our Approach

The Group's Workplace Diversity Policy stipulates that individuals are to be selected based on the Group's needs and requirements and placed in roles appropriate to their experience and qualifications without discriminating against any race, religion, age, nationality, gender, sexual orientation or disabilities. Additionally, officers are expected to make conscious efforts to be inclusive in all activities within the Group, including determining the composition of Management Committees and sub-committees.

At the Board level, the Company ensures that women make up at least 30% of the Board composition, in line with the recommendation of the Malaysian Code of Corporate Governance. This requirement has also since been incorporated in the Board Charter. The Group's Code of Conduct and Code of Ethics have specific clauses aimed at improving workforce diversity, ensuring equal opportunity, and the elimination of discrimination.

Our Performance

For information about the composition of the Company's Board of Directors, please turn to pages 106 to 110 of this report.

Board of Directors' Profile

	Target	2024	2023	2022
Percentage of Board of Directors by gender				
Male	To have 30% representation of women in the Board	**67%**	57%	57%
Female		**33%**	43%	43%

	Target	2024	2023	2022
Percentage of Board of Directors by age group				
Below 30	-	**0%**	0%	0%
Below 30-50	-	**0%**	0%	0%
Above 50	-	**100%**	100%	100%

MANAGEMENT APPROACH TO MATERIAL MATTERS

Senior Management's Profile

	Target	2024	2023	2022
Percentage of Senior Management by gender				
Male	To fill more than 30% of senior management with women	**61%**	62%	61%
Female		**39%**	38%	39%

	Target	2024	2023	2022
Percentage of Senior Management by age group				
Below 30	-	**0%**	0%	-
Between 30-50	-	**35%**	37%	-
Above 50	-	**65%**	63%	-

Employees' Profile

	Target	2024	2023	2022
Percentage of employees by gender				
Total Employees	Employees from either gender shall not be more than 70%			
Male		**35%**	35%	36%
Female		**65%**	65%	64%
Manager	-			
Male		**42%**	42%	-
Female		**58%**	58%	-
Executive	-			
Male		**29%**	30%	-
Female		**71%**	70%	-
Non-Executive	-			
Male		**33%**	33%	-
Female		**67%**	67%	-

MANAGEMENT APPROACH TO MATERIAL MATTERS

Employees' Profile (Con't)

	Target	2024	2023	2022
Percentage of employees by age group				
Total Employees	-			
Below 30		**12%**	12%	-
Between 30-50		**64%**	64%	-
Above 50		**24%**	24%	-
Manager	-			
Below 30		**0%**	0%	-
Between 30-50		**62%**	63%	-
Above 50		**38%**	37%	-
Executive	-			
Below 30		**23%**	23%	-
Between 30-50		**64%**	64%	-
Above 50		**13%**	13%	-
Non-Executive	-			
Below 30		**12%**	13%	-
Between 30-50		**66%**	67%	-
Above 50		**22%**	20%	-

	Target	2024	2023	2022
Percentage of employees that are contractors or temporary				
Permanent	To have more than 95% of permanent staff	**95.7%**	95.4%	-
Contractors/ Temporary		**4.3%**	4.6%	-

	Target	2024	2023	2022
Percentage of permanent resident / citizen in workforce				
Permanent resident/ citizen	To have more than 95% of permanent resident/ citizen in workforce	**99.9%**	99.9%	-
Non-citizen		**0.1%**	0.1%	-

	Target	2024	2023	2022
Percentage of disability staff in workplace				
Disability	-	**0.1%**	0.1%	0.1%

MANAGEMENT APPROACH TO MATERIAL MATTERS

MANAGEMENT APPROACH TO MATERIAL MATTERS

BUSINESS PARTNERS' COMPETENCY

Related UN SDG:

Why is this Important?

The Group has identified the relationship with partners and agents as a significant sustainability consideration, underscoring the pivotal role of the human element in the Group's value creation activities. As such, the Group has cultivated mutually beneficial connections with its partners through years of collaboration and have invested significant resources in the recruitment and retention of partners and agents to ensure their optimal performance.

Our Approach

The Group remunerates its agents at rates that are on par with or better than the industry standard. The Group believes in fostering an environment where the agents not only receive robust support from the Group but also have ample opportunities to achieve their professional ambitions. Initiatives aimed at enhancing the competency of the Group's network of agents include enrolment in the Group's Agents Professionalism and Excellence training covering both technical and non-technical aspects, ensuring agents are well-equipped to excel as business partners.

Various activities further strengthen the agent community, identifying knowledge gaps and fostering stronger bonds. Additionally, robust succession planning strategy for agent businesses ensures consistent service and knowledge levels, securing seamless business continuity. For new recruits, meticulously crafted onboarding programs facilitate a comprehensive introduction to the Group's organisational values and processes, ensuring a smooth integration into the Group's dynamic and collaborative culture. This holistic approach underscores the Group's dedication to nurturing a highly competent and motivated network of agents, driving the continued success of the Group.

	Target	2024	2023	2022
Agent attrition rate	Agent attrition rate to be not more than 10%	**8%**	7%	6%
Average training hours per agent	To have more than 10 hours of average training hours per agent	**21**	20	19
Percentage of agents who attended trainings	More than 90% of agents to receive training	**98%**	95%	95%

SOCIAL RESPONSIBILITY

Related UN SDG:

Why is this Important?

The Group is committed to corporate social responsibility ("CSR") initiatives aimed at enhancing the capabilities of the local community. This is partly due to the recognition that the community makes an immense contribution to the Group's success, and CSR programme reflects the Group's gratitude and appreciation to the community for their support.

Our Approach

The Group's CSR initiatives are divided into endeavours dedicated to enhancing the welfare of the underprivileged and less fortunate, and initiatives that advocate positive lifestyle practices, including the support of educational and athletic accomplishments. Charitable contributions are typically directed towards organisations devoted to improving the lives of those encountering daily obstacles and challenges, as well as associations committed to youth development. The Group engages in these CSR activities with the aim of instilling a greater sense of empathy with the less fortunate and to strengthen connections with the community.

The Group also makes little but meaning effort to support environmental initiatives such as mangrove planting in central and southern region. In addition, the Group shares its sustainability performance with the employees through its Sustainability Bulletin, which also functions as an environmental awareness-raising platform. Finally, the Group has always encouraged recycling among its employees to reduce their environmental footprint. More information can be found in the discussion on Waste Management at page 79.

During the year, the Group primarily focused on contributing financial assistance to organisations dedicated to various causes. The Group proudly supported the following institutions during the year:

- Lovely Disabled Home Bhd
- The China Press
- Majlis Sukan Negeri Sarawak
- Hospis Malaysia
- Pay Fong Middle School Malacca
- Yayasan Bursa Malaysia
- Pertubuhan Penganut Buddha Klang dan Pantai
- Rotary Club of Seberang Jaya
- Dual Blessing Bhd
- Yong Tai Group, Encore Melaka
- Taman Rekreasi Paya Bakau Sijangkang
- Mount Miriam Cancer Hospital
- Make-A-Wish Malaysia
- Lembaga Pengurusan Sekolah SJK(C) Pasir Pinji 2 Ipoh
- JungleWalla Malaysia Nature & Wildlife
- World Wildlife Foundation (WWF)

Our Performance

	Target	2024	2023	2022
Total amount invested in the community where the target beneficiaries are external to the listed issuer (in thousands)	-	**RM172**	RM215	RM224

	Target	2024	2023	2022
Total number of beneficiaries of the investment in communities	-	**16**	23	28
Number of CSR initiatives	To contribute more than 15 CSR initiatives within a year	**20**	24	22

MANAGEMENT APPROACH TO MATERIAL MATTERS

SUPPLY CHAIN MANAGEMENT

Related UN SDG:

Why is this Important?

Procurement practices play an important role in contributing to sustainability and social responsibility as the value chain for the insurance industry requires the participation of many intermediaries. Effective procurement ensures that resources and services are sourced efficiently and in a cost-effective manner, reducing the financial and operational risks associated with supply chain disruptions. It is also important to the Group that intermediaries practise strong corporate governance and always behave ethically.

Our Approach

The Group regularly reviews the performance of the service providers to ensure that they comply with regulatory guidelines as well as the Group's internal service standards. These services providers are reviewed semi-annually at the Panel Review Committee meetings. These were successfully completed for the year under review with no significant issues being identified.

In addition, the Group's Procurement Policy is in place to enable a structured and standardised approach for all procurement activities across the Group. This policy also helps to ensure transparency, fairness, and ethical behaviour in procurement activities. The policy incorporates elements of sustainability such as prioritising businesses which:

- are based locally,
- do not significantly harm the environment and have no human rights violations,
- no involvement in any corruption or bribery activities, and
- not in breach of laws and regulations.

The aim is to cultivate a fairer and more transparent procurement process within the Group.

Our Performance

	Target	2024	2023	2022
Proportion of spending on local suppliers	To have more than 90% of total expenses on local suppliers	**98%**	96%	-

MANAGEMENT APPROACH TO MATERIAL MATTERS

SUSTAINABLE PRODUCT AND INVESTMENT

Related UN SDG:

Why is this Important?

In line with the Group's commitment to sustainability, significant emphasis has been placed on developing sustainable product offerings and implementing responsible investment practices. This is in recognition of the role played by the insurance industry, which extends beyond risk mitigation to the promotion of a sustainable future.

The responsible investment approach adopted in the Group's investments ensures that resources are allocated to companies and initiatives that prioritise environmental, social, and governance ("ESG") criteria. This simultaneously mitigates investment risks and helps contribute to a more ethical and sustainable financial landscape. By integrating sustainability into the Group's product portfolio and investment strategy, stakeholders are better protected while greater investment is directed towards a better future for both planet and society.

Our Approach

Underwriting

The Group's approach to sustainable products goes beyond traditional insurance offerings and is dedicated to promoting health, safety, and environmentally responsible actions. Innovative product design including elements that incentivise policyholders to adopt behaviours that are beneficial for both themselves and the environment are built into the products. Furthermore, the Group actively engages with the customers and support them in their business transition to a better future. The Group has developed products that support the climate during the year. Please refer to TCFD - Aligned Disclosure section in page 84 for more details.

Investment

The Group's Investment Committee oversees the Group's investments, aligning investment policies and strategies with both business strategy and investment guidelines. These guidelines are regularly assessed against the Group's risk profile and subject to periodic reviews to manage the exposure of investment risk. As a proponent of the sustainability agenda, the Group evaluates the sustainability track record of investee companies, alongside considerations of returns on investments, credit risk and climate-related risk, when making investment decisions.

The emphasis is placed on investing in sustainable assets, i.e., assets that are rated sustainable by the rating agencies. Additionally, the Group invests in fixed-income securities issued to foster liquidity and promote market sustainability, contributing to the support of the Malaysian financial markets.

Our Performance

Underwriting

The Group is an active supporter of the climate agenda and provides insurance coverage for projects with a climate-positive impact. These include coverage for hybrid and electric vehicles, and renewable energy projects including solar panels and hydro. Plans are underway to further accelerate the growth of this segment and are exploring incentives in the form of products and services that will encourage and help customers transition to a more environmentally friendly lifestyle.

	Target	2024	2023	2022
Net premiums written related to energy efficiency and low-carbon technology (in millions)	To have positive growth in net premiums written related to energy efficiency and low-carbon technology	**RM12**	RM12	RM8

Investment

The Board has set a target to allocate more than half of its total investment into sustainable assets. In 2024, the Group's sustainable investment assets totalled RM2.35 billion, accounting for more than half of its total investments.

	Target	2024	2023	2022
Percentage of investment in sustainable assets	More than 50% of total investment assets comprising sustainable assets	**66%**	68%	65%

MANAGEMENT APPROACH TO MATERIAL MATTERS

MANAGEMENT APPROACH TO MATERIAL MATTERS

CLIMATE MITIGATION & RESILIENCE

Related UN SDG:

Why is this Important?

The effects of climate change have become increasingly evident as reports of climate-linked disasters become more frequent and their impact much more severe. There is worldwide concerted action by global authorities, including BNM, to take more decisive action in addressing the impact of climate change. In Malaysia, this has translated into the mandatory adoption of TCFD guidelines by financial institutions. The National Sustainability Reporting Framework has also been introduced to address the use of the International Financial Reporting Standards ("IFRS") Sustainability Disclosure Standards issued by the International Sustainability Standards Board, specifically the IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, and IFRS S2 *Climate-related Disclosures*.

The Group is a proponent of the environmental agenda and supports the nation's transition into becoming a low-carbon economy. As such, Climate Mitigation and Resilience has been identified as a material matter for the Group, which has in turn seen the Group enhance its sustainability reporting, and the implementation of initiatives to reduce its carbon footprint and encourage more environmentally sustainable lifestyles among its stakeholders.

Our Approach

The Group's underwriting procedures steadfastly uphold its commitment of fostering climate resilience among its policyholders. In recognition of the profound impact of climate change across industries and regions, the Group conducts thorough sustainability assessments, with a specific emphasis on sectors with elevated ESG risks. Through vigilant monitoring of policyholders' exposure to climate-related risks, the Group encourages the adoption of sustainable practices, reduction of climate vulnerabilities, and enhanced climate resilience.

In response to the escalating risk of floods due to climate change, the Group continues factoring the flood-prone areas in its climate physical risk assessment. This strategic decision has resulted in the implementation of more stringent underwriting terms for regions prone to flooding.

The Group's commitment to climate resilience is also reflected in its reinsurance practices. The adequacy of the Group's reinsurance coverage is constantly evaluated to ensure there is sufficient coverage against climate-related catastrophes.

This ensures that the Group can fulfil its obligations to policyholders, particularly in the event of a catastrophic event. Meanwhile, the Group's Claims Department has emergency measures in place such that it can expedite claims processing in the event of a natural catastrophe and provide immediate support to policyholders.

The Group's investment strategy is aligned with its commitment to climate resilience and sustainability. Investments in high ESG risk sectors are constantly monitored while the Group ensures that it has limited exposure to these industries. This approach, which is guided by BNM's Climate Change and Principle-based Taxonomy guidelines, helps mitigate climate risks while aligning the Group with its broader sustainability objectives. This commitment to responsible investing extends to relationships with investee companies.

Our Performance

For performance in relation to climate mitigation and resilience, please refer to TCFD - Aligned Disclosures on pages 83 to 89.

MANAGEMENT APPROACH TO MATERIAL MATTERS

EMISSIONS MANAGEMENT

Related UN SDG: 13 Climate Action

Why is this Important?

The Group recognises it's responsibility to do what it can to reduce its carbon footprint, primarily through emissions management. This effort is regarded as both an ethical obligation as well as essential for long-term business sustainability. By actively monitoring and curbing emissions, the Group is working toward the global efforts to combat climate change and improves the Group reputation as an environmental steward. Effective emissions management not only reduces environmental impact and costs, but also helps make the Group more appealing to environmentally conscious stakeholders, from customers to investors.

Our Approach

The Group believes in translating sustainability commitments into tangible actions. In line with this philosophy, the Group has embarked on several initiatives to actively manage its emissions and lower total environmental impact. Digital Transformation, as stated in the abovementioned sections, highlighted the approaches taken by the Group during the year.

Additionally, encouraging virtual meetings over traditional face-to-face meetings is another small step taken by the Group to further reduce its carbon footprint as virtual meetings eliminate the need for business travel. These collective actions underline the Group's commitment to emissions management, demonstrating that sustainability is actively embraced in the Group's daily operations.

The majority of the Greenhouse Gas emissions of the Group come from indirect emissions, i.e., Scope 3 emissions. Please refer to TCFD - Aligned Disclosures section in pages 86 and 87 for more information.

Our Performance

For performance in relation to emissions management, please refer to TCFD - Aligned Disclosures' metrics and targets on pages 86 to 87.

MANAGEMENT APPROACH TO MATERIAL MATTERS

ENERGY, WATER AND WASTE MANAGEMENT

Related UN SDG: 12 Responsible Consumption and Production, 13 Climate Action

Why is this Important?

The Group's approach to energy management reflects its commitment to operational efficiency and environmental responsibility. While the insurance industry may not be a significant user of energy, the Group nevertheless recognises the importance of responsible energy consumption. Initiatives are therefore focused on optimising the Group's energy usage, reducing operational costs, and ensuring operational resilience. These measures not only improve financial performance but also underlines the Group's dedication to mitigating climate change in line with its sustainability goals.

Water management is important to the Group's sustainability efforts. Although total water consumption may not be extensive relative to other industries, the commitment to efficient water use reflects the Group's dedication to environmental conservation and resource responsibility.

Effective waste management is an essential part of environmental conservation. By minimising waste and ensuring proper disposal, the Group is actively reducing its environmental impact, realising cost savings, improving operational efficiency, and ensuring regulatory compliance.

Our Approach

The Group has improved the efficiency of its energy usage through the replacement of traditional lighting with energy-saving LED lights and the adoption of eco-friendly air conditioning systems in some of its offices. While the amount of energy saved, relative to other industries, may be small, the Group believes that all reductions will continue to make an impact on the environment.

Employees are advised to be careful with water usage, and facilities such as toilets, pantries and kitchenettes are checked periodically to ensure that there is no water leakage.

The Group's waste management approach is built on a foundation of environmental responsibility and operational efficiency. The Group is committed to minimising waste generation and ensuring responsible disposal practices across all operations. Strategies include reducing paper usage through digital documentation, holding recycling programmes in its offices, and encouraging responsible waste separation and disposal.

Our Performance

For performance in relation to energy, water and waste management, please refer to TCFD - Aligned Disclosures' metrics and targets on page 87.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES - ALIGNED DISCLOSURES

The Group has incorporated the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD") into its sustainability framework. This initiative is part of the Group's ongoing efforts to enhance its sustainability disclosures and comply with regulatory requirements outlined in the JC3 Application Guide for Malaysian Financial Institutions and Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

GOVERNANCE

Sustainability is a key criterion in the Board Skills Matrix and has been integrated into the Group's long-term business strategy. The ultimate responsibility for identifying, assessing, and integrating climate-related risks and opportunities rests with LPI's Board of Directors ("Board"). The Board also monitors progress against climate-related goals and targets, which are discussed in quarterly meetings that cover climate-related issues and other sustainability matters.

LPI's Chief Executive Officer leads the LPI Sustainability Council, which includes senior management from its subsidiary. This Council aids Board Committees in managing climate-related risks and opportunities at the Group level in a cohesive manner. At the operational level, the Lonpac's Sustainability Committee, led by the Chief Executive Officer of Lonpac, assists the Lonpac's Board Committees in managing climate-related risks and opportunities specific to Lonpac. This Committee includes members from control functions within the Company to ensure fair and transparent processes.

Furthermore, the Boards review the Directors' Training Development Plan at the start of each year to ensure Directors can enhance their knowledge and skills to meet their responsibilities. The skills matrix of the Board is outlined below:

Skills Matrix	Mr Tee Choon Yeow	Mr Tan Kok Guan	Mr Lee Chin Guan *(Ceased to be a director on 27 January 2025)*	Ms Chan Kwai Hoe *(Ceased to be a director on 30 June 2024)*	Ms Soo Chow Lai	Dato' Chia Lee Kee	Encik Mohamed Raslan Bin Abdul Rahman
Accounting, Audit and Finance	●	●	●	●	●	●	●
Corporate Governance and Risk Management	●	●	●	●	●	●	●
Human Capital and Stakeholder Well-being	●	●					
Insurance Knowledge	●	●		●	●		
Investment Management	●	●			●		
Legal Affairs & Regulatory Compliance	●	●	●	●		●	

GOVERNANCE

To ensure that the Group has the necessary skills and expertise to fulfil this role, both LPI's and Lonpac's Board work proactively to ensure that they have the necessary skills and training. The responsibility of evaluating the capabilities of the Board, including sustainability competencies, falls on LPI's and Lonpac's Nomination and Remuneration Committees, who are responsible for their respective Boards. For a summary of the qualifications and experience of the Group's Board members, please turn to page 107 of this report.

The Board and senior management participated in various training sessions in 2024 in the form of workshops, forums, and knowledge-sharing sessions. The focus areas of the training for the Board and senior management are outlined below:

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GOVERNANCE

Training Focus Area	Mr Tee Choon Yeow	Mr Tan Kok Guan	Mr Lee Chin Guan *(Ceased to be a director on 27 January 2025)*	Ms Chan Kwai Hoe *(Ceased to be a director on 30 June 2024)*	Ms Soo Chow Lai	Dato' Chia Lee Kee	Encik Mohamed Raslan Bin Abdul Rahman
Accounting, Audit and Finance		●					●
Corporate Governance and Risk Management	●	●					●
Human Capital and Stakeholder Well-being		●					
Investment Management							●
Legal Affairs & Regulatory Compliance		●				●	●
Sustainability and Climate Change	●	●	●		●	●	●
Technology and Digital Transformation		●	●				●
Others (Professionalism, Ethics, and Remuneration)	●	●	●		●		●

Training Focus Area	Mr Tan Kok Guan	Mr Looi Kong Meng	Mr Chuang Chee Hing	Mr Yow Kai Fook	Mr Quek Sun Hui	Mr Raymond Tan Soo Boon	Ms Tammy Kong Thian Mee	Ms Irene Hwang Siew Ling	Ms Cythia Ng Boon Howe	Mr Ng Seng Khin	Encik Sallehuddin Bin Marzuki	Mr Tung Chee Lim	Mr Voon Wing Chuan
Accounting, Audit and Finance										●		●	
Actuarial												●	
Human Capital and Stakeholder Well-being	●	●	●	●	●	●	●	●	●	●	●	●	●
Corporate Governance and Risk Management							●					●	
Insurance Knowledge	●	●				●				●	●	●	●
Legal Affairs & Regulatory Compliance	●	●	●	●	●	●	●	●	●	●	●	●	●
Sustainability and Climate Change	●	●	●	●	●	●	●	●	●	●	●	●	●
Technology and Digital Transformation	●	●	●	●	●	●	●	●	●	●	●	●	●
Others (Professionalism)												●	

TCFD - ALIGNED DISCLOSURES

GOVERNANCE

Quarterly evaluations of sustainability targets and performance are discussed by Lonpac's Risk & Sustainability Committee and LPI's Risk, Compliance and Sustainability Committee. The findings are then presented to the broader Boards of both companies for discussion and approval, as they are responsible for ratifying the Group's Sustainability Framework and Sustainability Blueprints that outline the targets and goals for the Group's Board and management.

In line with the Group's commitment to ensure the Board play an active role in managing sustainability issues, the Group's sustainability performance is taken into consideration in the Directors' evaluation. Consequently, the Group's sustainability rating is a factor in determining Directors' remuneration on both Boards.

STRATEGY

Climate-related risks and opportunities are vital considerations for the insurance sector, posing challenges and opportunities for the LPI Group.

The Group has experienced severe flood events regularly in recent years, making flooding the most significant climate risk. An increase in the frequency of flash floods and storms could lead to higher claims. However, this also opens opportunities to promote additional flood coverage to the public, particularly as reports indicate a low uptake of flood insurance. In the medium to long term, the growing incidence of floods is expected to drive up costs for the Group in obtaining adequate reinsurance protection.

Flooding remains to represent the highest risk to the Group's operations. To mitigate this risk, the Group carefully limits business activities in flood-prone areas, integrating flood exposure considerations into all decision-making processes. Additionally, many insurance companies have started withdrawing from underwriting carbon-intensive sectors, leaving these industries with insufficient insurance coverage during their climate transition. This shift provides the Group an opportunity to promote sustainability-related products and educate insured parties in high-carbon sectors about their climate transition strategies.

The climate-related risks mentioned above, along with the assessment process, are summarised in the table below, which outlines each risk's nature and its potential impact on the Group's sustainability. The risk assessment is conducted regularly to align with global climate goals and regulatory requirements.

As part of this risk management framework, specific thresholds have been established for underwriting and investments related to climate risk. These thresholds include restrictions on underwriting in climate-sensitive sectors, limits on gross flood exposure, and guidelines for investments in these areas. Information from publicly available platforms, such as the Network for Greening the Financial System website and the TCFD Knowledge Hub, has been used to gather insights on climate-related risks and opportunities to support the assessment.

Climate Risk Drivers		Risks to LPI Group
PHYSICAL RISK Acute weather events or chronic changes in weather patterns impacting the Group	Acute Chronic	**Financial Risks** ■ Stranded investment assets ■ Downgrade and/ or defaults of counterparties ■ Increasing flooding events ■ Rising inflation ■ Decline in business for vulnerable industries **Strategic Risks** ■ Loss of market-share to competitors due to slow adaption **Insurance Risks** ■ Rising cost of reinsurance ■ Increasing climate-related claim cost and underwriting losses ■ Increase uninsurable segment creating gaps **Operational Risks** ■ Disruption in supply chain and business operations ■ High cost in transitioning (e.g., technology) ■ Low claims turnaround time during flooding season **Legal and Compliance Risks** ■ Lack/ Insufficient of disclosures
TRANSITION RISK The Group's or customers' business models fail to align with low-carbon economy and regulatory changes	Market Technology Reputational Policy & Legal	

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STRATEGY

In addition to climate-related risks, opportunities arising from climate change are also crucial elements in the Group's operations. Below are the climate-related opportunities identified by the Group:

Green Insurance Products and Services

Transition to renewable energy provides an opportunity to introduce new green products tailored for renewable energy sectors, such as those related to solar energy and electric vehicles.

Managing Green Investment

The Group is shifting towards green investments, aligning with stakeholders' sustainability agendas, and exploring green industries for investment opportunities.

Upskilling Capabilities

Climate-related knowledge is expanding through specialised training and regulatory requirements, while the technology transition offers new learning opportunities for the Group.

Fostering Sustainable Operation

Automation and digitalisation are enhancing operational efficiency, with the Group taking effective steps to reduce resource consumption and minimise environmental impact.

Public-Private Partnerships

The Group actively collaborates with both public and private sectors to promote sustainability, having become a signatory to the Partnership for Carbon Accounting Financials and work closely with the Persatuan Insurans Am Malaysia's Climate Change Advisory Committee.

Scenario analysis, a critical tool for assessing potential future risks under different climate scenarios prescribed by the Bank Negara Malaysia's ("BNM") Climate Risk Stress Testing ("CRST") policy document, is scheduled to be completed in 2025. As part of this analysis, the Group has conducted qualitative assessments across key departments, identifying several climate-related risks impacting the Group's operations, with claims management being one of the key areas. In response, the Group is exploring solutions to automate the claims process to enhance efficiency and reduce exposure to such risks. Additionally, the Group is committed to sustainability by minimising resource consumption, including reducing the use of paper, electricity, and water, while actively promoting e-documentation among its stakeholders.

RISK MANAGEMENT

The Group is committed to aligning its operations with regulatory requirements related to climate change, ensuring robust risk management practices. In line with BNM's Climate Risk Management and Scenario Analysis Policy, the Group has adopted principles that enhance its resilience to climate-related risks, facilitating a smooth transition to a low-carbon economy.

In alignment with BNM's CRST Policy, which aims to enhance financial institutions' capabilities of refining its existing risk management strategy and explore new stress testing approaches relevant for assessing climate-related risks, the Group has assessed the impact of these risks on its operations, and is committed to regularly reviewing its assessment of these risks. The outcomes of the current assessment were used to further strengthen the Group's preparedness against climate-related risks.

Furthermore in 2024, the National Sustainability Reporting Framework was introduced in Malaysia to drive the nation's sustainability journey. The Group will ensure compliance with its requirements, take proactive steps to advance sustainability efforts, and actively support this important initiative.

Key risk management processes on climate adaption include:

- Active management of climate-related risks via the regular review of flood-prone areas and terms, such as deductibles through the Underwriting Division. This ensures that underwriting strategies are responsive to the climate risk assessments.
- Monthly monitoring of flood exposures to enhance the Group's preparedness for catastrophic events.
- Sustainability Assessments of selected environmental, social, and governance ("ESG") risk sectors help customers better understand climate adaptation and mitigation while promoting sustainability. This, combined with Enterprise Risk Management & Sustainability ("ERMS") Department's oversight, is part of the Group's commitment to effective climate risk management.

Climate-related risks have been integrated into the Group's Enterprise Risk Management process. Key indicators are monitored monthly and regularly presented to management for review and decision-making. Meanwhile, the Group continues to build employee capacity and capabilities in regards to climate change to ensure that the entire LPI Group is able to adapt to the rapidly changing environment.

In summary, the Group's approach to managing climate-related risks promotes awareness and resilience, balancing business activities with sustainability concerns. The Group's active engagement with policyholders, investors, and reinsurers ensures open communication regarding flood coverage, investment needs, and reinsurance adequacy.

Climate-related risks are integrated into the Group's overall risk management framework, allowing for a holistic view of all risks. These risks are assessed across short (less than three years), medium (three to ten years), and long-term (over ten years) horizons regarding their financial impact and likelihood of occurrence.

The first line of defence against climate-related risk is embedded within operational management and business units. These units incorporate climate considerations into daily operations and engage customers in sustainability assessments, particularly in climate-sensitive sectors, to facilitate their transition. In 2024, the Group did not write any direct business or act as the lead insurer for the oil and gas sector, coal mines or coal power plants. Nevertheless, the Group provided limited coverages for these sectors via facultative inward. The production of the oil and gas and coal power plants receiving limited coverage from the Group was recorded at RM38.2 million and RM11.1 million respectively. The Group remains committed to continuously monitoring its exposure in the coal industry and the oil and gas sector.

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RISK MANAGEMENT

Meanwhile, the Underwriting Division conducts concentration assessments on flood exposure to mitigate the concentration of risk, fostering a culture of climate risk awareness and resilience among operational teams. The Finance Department's investment units perform onboarding assessments and annual reviews of existing investments to ensure exposure to high ESG risk sectors aligns with the Group's risk appetite.

(in millions)	Target	2024	2023	2022
Low ESG Risk		**RM241**	RM218	RM224
Medium ESG Risk		**RM3,264**	RM3,109	RM2,973
High ESG Risk		**RM46**	RM53	RM39
Percentage of High ESG Risk Sector	Investment in high ESG risk sector shall not be more than 5% of total investment assets	**1%**	2%	1%

The second line of defence includes the ERMS and Compliance Departments, which oversee and validate climate risk management processes. They collaborate with business units to provide independent assessments, ensuring that risk frameworks and controls are robust and compliant with regulatory standards, thereby enhancing the Group's resilience to climate-related risks.

The third line of defence is the Internal Audit Department, which conducts annual evaluations of the climate risk management framework. This department ensures that processes and controls are effective, offering insights for continuous improvement and ensuring accountability and transparency in line with strategic objectives and regulatory requirements.

For further details on the risk management process, please refer to the Statement on Risk Management and Internal Control on page 135.

METRICS AND TARGETS

The Group began disclosing its Scope 1, 2 and 3 emissions, as defined under the Greenhouse Gas ("GHG") Protocol Standard in 2022.

The table below provides a summary of these measurements:

GHG Emissions (in tCO_2e)	2024	2023	2022
Scope 1: Direct Emissions			
- Mobile Combustions	**40.8**	44.4	37.8
Scope 2: Indirect Emissions			
- Purchased Electricity	**2,273.4**	2,216.2	2,107.9
Total Scope 1 & 2	**2,314.2**	2,260.6	2,145.7

METRICS AND TARGETS

GHG Emissions (in tCO_2e)	2024	2023	2022
Scope 3: Other Indirect Emissions			
- Category 1: Purchased goods and services	**102.6**	79.1	96.2
- Category 5: Waste generated in operations	**43.4**	51.3	54.3
- Category 6: Business travel	**89.4**	80.5	73.1
- Category 7: Employee commuting	**838.0**	825.7	849.1
- Category 9: Downstream transportation and distribution	**1,118.7**	1,030.6	-
- Category 12: End-of-life treatment of sold products	**24.5**	38.0	45.3
Total Scope 3	**2,216.6**	2,105.2	1,118.0
Total GHG Emissions	**4,530.8**	4,365.8	3,263.7
GHG Emissions per employee	**5.4**	5.3	4.0
GHG Emissions per million revenue	**2.4**	2.3	2.0

* Refer to page 90 for our approach to GHG emissions.

As part of the Group's sustainability journey, the Group proactively works to minimise its carbon footprint and contribute to a circular economy by reducing the waste directed to disposal such as promoting recycling while managing the paper consumption. The table below shows the total waste that has been directed and diverted from landfills.

	Target	2024	2023	2022
Total waste generated (in tonnes)		**86.1**	87.3	102.4
- Waste diverted from disposal		**27.9**	10.9	7.0
- Waste directed to disposal	Waste directed to disposal to reduce by 20% from 2023 base year	**58.2**	76.4	95.4

As part of the ongoing commitment to sustainability, the Group provides a snapshot of its energy and water consumption metrics. This includes average electricity and water usage per employee. The energy consumption recorded by the Group increased in 2024 in tandem with revenue growth. Instead of purchasing carbon offsets, the Group committed to encourage mindful resource use among the employees and fostering a sense of collective responsibility.

	2024	2023	2022
Total energy consumption (in kWh)	**3,081,252**	3,080,629	2,936,238
Energy consumption per employee (in kWh)	**3,686**	3,748	3,582
Total water consumption (in m^3)	**12,729**	12,720	14,397
Water consumption per employee (in m^3)	**15.2**	15.5	17.6

Within the insurance landscape, the impact of climate risks is a critical consideration for the Group's operations. Reported claims attributed to flood incidents serve as a direct indicator of the tangible effects of climate events on the Group's business. With the rise in extreme weather occurrences, the physical risk associated with events like floods becomes a key factor influencing the Group's operations and risk management strategies. The table below shows the flood-related claims that were reported to the Group.

Flood-related Losses (in millions)	2024	2023	2022
Gross	**RM22**	RM15	RM308
Net	**RM11**	RM10	RM9

TCFD - ALIGNED DISCLOSURES

METRICS AND TARGETS

Recognising the importance of managing these climate risks, the Group actively monitors the concentration and exposure in flood-prone areas. This diligence ensures that the Group remain cognisant of the geographical vulnerabilities within its portfolio. The Group also continues to promote the conversion to e-policies in alignment with broader sustainability and efficiency objectives.

	Target	2024	2023	2022
Exposure in flood-prone areas	Gross flood exposure in flood-prone areas shall not be more than 7.5% of the total fire sum insured	**6%**	6%	6%
Percentage of E-documents (Fire and Motor only)	More than 50% of the Fire and Motor policy documents are to be issued in softcopy	**50%**	50%	24%

The Group recognises the profound impact that investment decisions can have on both financial returns and the broader well-being of society and the environment. The Group integrates climate-related considerations into its investment and credit decision-making processes. Following are the key principles for the Group's investment strategy:-

1. Climate-Conscious Investment Decisions:

The Group is dedicated to ensuring that the investments reflect a commitment to environmental sustainability. The Group avoids investing in companies or projects that contribute heavily to climate change, especially those in high carbon-emitting sectors such as the coal, oil, and gas industries.

2. Avoiding High Carbon Emitting Sectors:

The Group prioritises investments in industries and companies that are taking steps to reduce their carbon footprint and support the transition to a low-carbon economy. This includes renewable energy, green technologies, and companies with strong environmental sustainability practices.

3. Supporting Sustainable Practices:

The Group focuses on businesses that prioritise sustainable practices and aim to reduce their impact on the environment. This includes encouraging companies to adopt cleaner energy sources, improve energy efficiency, and lower emissions.

4. Long-Term Value and Resilience:

The Group's investment decisions are made with a long-term perspective, recognising that companies that prioritise environmental responsibility are better positioned to succeed in a rapidly changing world. The Group invests in businesses that are building resilience against climate risks and creating sustainable value for the future.

5. Transparency and Accountability:

The Group committed to being transparent about the investment choices and the steps the Group is taking to manage climate-related risks. The Group regularly report on its progress and ensure the stakeholders are informed about how the Group's investments align with its sustainability goals.

TCFD - ALIGNED DISCLOSURES

METRICS AND TARGETS

By adhering to sustainable investment principles, the Group strives to not only generate positive returns for its customers, but also to contribute to a more sustainable and equitable global economy. To that end, the Group continues to manage its exposure of investment and continue investment to sustainable assets.

Investment Allocation	2024	2023	2022
Bond	**16%**	14%	13%
Equities	**29%**	28%	30%
Unit Trust	**30%**	27%	28%
Fixed Deposit	**24%**	30%	28%
Others	**1%**	1%	1%

SUSTAINABILITY BLUEPRINT 2024

The Board has approved the Sustainability Blueprint 2024 which sees the addition of short, medium, long-term strategies in addressing transition risks of climate change

Time Horizon	Underwriting	Investment
SHORT	■ To engage with insureds in coal, oil and gas industries on climate transition and/or adaptation plan.	■ To engage with investees on climate transition and/or adaptation plan.
MEDIUM	■ To engage with insureds in oil and gas industry on climate transition and/or adaptation plan. ■ No new coal power plants by 2030.	■ New investment in oil and gas industry to be climate certified by 2030. ■ To exit the coal industry by 2030.
LONG	■ To engage with insureds in oil and gas industry on climate transition and/or adaptation plan. ■ To exit the coal industry by 2050.	■ New investment in oil and gas industry to be climate certified by 2030.

ADDITIONAL INFORMATION

ADDITIONAL INFORMATION

Greenhouse Gas ("GHG") emissions for the Group are calculated using methodologies consistent with the GHG Protocol: A Corporate Accounting and Reporting Standard, with reference to the additional guidance provided in the GHG Protocol: Scope 2 Guidance (An amendment to the GHG Protocol Corporate Standard) (Scope 2 Guidance), GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3 Standard) and GHG Protocol Technical Guidance for Calculating Scope 3 Emissions (Scope 3 Guidance) as appropriate.

The Group develops Scopes 1, 2 and 3 emissions based on the organisational consolidation approaches to boundaries, consistent with the GHG Protocol Corporate Accounting and Reporting Standard definitions. Scopes 1, 2 and 3 emissions from operations over which the Group has operational control are accounted for, not for GHG emissions from operations in which LPI owns an interest but does not have operational control (associated company in Cambodia through Campu Lonpac Insurance Plc).

List of entities within the Organisation Boundary are:
- LPI Capital Bhd;
- Lonpac Insurance Bhd (inclusive of Singapore branch).

GHG Emissions	Approach	Emission Factor Reference
Scope 1: Direct GHG Emissions - Mobile combustion emissions	Covers emissions from vehicles owned by LPI Group. Emissions are calculated using fuel consumption data.	UK Government GHG Conversion Factors for Company Reporting
Scope 2: Electricity Indirect GHG Emissions - Emissions from purchased energy	Covers emissions generated from electricity purchased from the grid. Emissions are calculated using consumption data via the location-based method. The consumption data was captured based on the invoice date of the electricity bills of the year.	**Malaysia** Grid Emission Factor by The Malaysia Energy Information Hub **Singapore** Grid Emission Factor by Energy Market Authority
Scope 3: Other Indirect GHG Emissions - Category 1: Purchased goods and services	Covers emissions generated by LPI Group's paper[1] and water consumption.	UK Government GHG Conversion Factors for Company Reporting
- Category 5 : Waste generated in operations	Covers emissions generated by waste disposal[2] to landfill and recycling. Waste is derived from paper purchased and recycling activities.	UK Government GHG Conversion Factors for Company Reporting
- Category 6: Business travel	Covers emissions generated by employee travel for work-related purposes on own vehicles and public vehicles such as taxi and e-hailing.	UK Government GHG Conversion Factors for Company Reporting
- Category 7: Employee commuting	Covers emissions generated by employees travelling to and from work. The Group conducted a survey among employees to collect information on the mode of travel, cubic centimeter (CC) of a car and distance travelled to estimate the commuting emissions for the entire workforce.	UK Government GHG Conversion Factors for Company Reporting
- Category 9: Downstream transportation and distribution	Cover emissions generated by service providers[3].	UK Government GHG Conversion Factors for Company Reporting
- Category 12: End-of-life treatment of sold products	Cover emissions generated by the Group's policies by the end user.	UK Government GHG Conversion Factors for Company Reporting

Note:

[1] Paper-related products such as plain papers purchased from the vendors, preprinted materials, brochures, envelopes etc.
[2] General waste from the Group's operations is excluded from waste disposal.
[3] Emissions from delivery of physical documents to policyholders are excluded. Emission data of the service providers was provided by service providers.

The Group has conducted a thorough review of the Scope 3 emissions and concluded that the following Scope 3 categories are either not material to the Group or the GHG emissions conversion factors are not publicly available:

- Category 2: Capital goods
- Category 3: Fuel- and energy-related activities
- Category 4: Upstream transportation and distribution
- Category 8: Upstream leased assets
- Category 10: Processing of sold products
- Category 11: Use of sold products
- Category 13: Downstream leased assets
- Category 14: Franchises

Meanwhile, the Group has identified that *Category 15: Investments*, is material to the Group. However, the emissions for the category were not accounted for in this year's reporting. The Group has joined the Partnership for Carbon Accounting Financials ("PCAF") as one of the signatories in 2024. PCAF is a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the GHG emissions associated with their loans and investments. The Group is committed to continuing its reviewing of GHG emissions coverage and will measure and disclose the emissions, in particular *Category 15: Investments* in the near future.

PERFORMANCE TABLE

PERFORMANCE TABLE

Indicator	Measurement Unit	2022	2023	2024
Anti-bribery and Corruption				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Total Employees	Percentage	-	91.00 *	98.00
Manager	Percentage	-	80.00	98.00
Executive	Percentage	-	98.00 *	99.00
Non-Executive	Percentage	-	97.00 *	97.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	94.00	94.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Cyber Security, Privacy and Data Protection				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Number of high-priority vulnerabilities unresolved	Number	0	0	0
Number of incidents relating to loss of confidential data	Number	0	0	0
Number of incidents of successful hacking	Number	0	0	0
Number of critical applications running on end-of-life system	Number	0	0	0
Corporate Governance				
Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	MYR	0.00	0.00	0.00
Total amount of penalty imposed by regulators due to non-compliance	MYR	0.00	0.00	0.00
Employee Health, Safety and Well-being				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.10	0.40	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	126	504	462
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0

Indicator	Measurement Unit	2022	2023	2024
Employee Health, Safety and Well-being				
Number of cases reported under Whistleblowing Policy, Harassment Policy, and Grievance Procedures	Number	0	0	0
Percentage of employees trained on health and safety standards	Percentage	15.00	61.00	54.00
Average monthly working hours per employee	Hours	146	150 *	151
Customer Experience Management				
Customer policy renewal ratio	Percentage	80.00	81.00	80.00
In-force policy count (in thousands)	Number	1,330	1,382	1,380
Claims Management				
Claims management productivity	Number	1,340	1,441	1,421
Complaints-to-claims ratio	Percentage	0.10	0.10	0.10
Employee Competency				
Bursa C6(a) Total hours of training by employee category				
Total Employees	Hours	17,924	16,912 *	27,717
Manager	Hours	-	9,706	13,666
Executive	Hours	-	6,562	12,082
Non-Executive	Hours	-	644 *	1,969
employee turnover by employee category				
Total Employees	Number	57	63 *	50
Manager	Number	-	25	17
Executive	Number	-	23	25
Non-Executive	Number	-	15 *	8
Employee turnover rate	Percentage	7.00	8.00	6.00
Percentage of employees with bachelor s degrees or professional qualifications	Percentage	67.00	68.00 *	68.00
Average training hours per employee	Hours	22	20 *	33
Percentage of employees who received formal trainings	Percentage	99.00	99.00 *	99.00
Digital Transformation				
Percentage of E-documents (Fire and Motor only)	Percentage	24.00	50.00	50.00
Product Availability and Affordability				
Percentage of growth of Gross Written Premium from Digital Business	Percentage	0.00	24.00	31.00

Internal assurance | External assurance | No assurance | (*)Restated

Internal assurance | External assurance | No assurance | (*)Restated

PERFORMANCE TABLE

Indicator	Measurement Unit	2022	2023	2024
Diversity and Inclusion				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Total Employees Under 30	Percentage	-	12.00 *	12.00
Total Employees Between 30-50	Percentage	-	64.00 *	64.00
Total Employees Above 50	Percentage	-	24.00 *	24.00
Manager Under 30	Percentage	-	0.00	0.00
Manager Between 30-50	Percentage	-	63.00	62.00
Manager Above 50	Percentage	-	37.00	38.00
Executive Under 30	Percentage	-	23.00	23.00
Executive Between 30-50	Percentage	-	64.00	64.00
Executive Above 50	Percentage	-	13.00	13.00
Non-Executive Under 30	Percentage	-	13.00 *	12.00
Non-Executive Between 30-50	Percentage	-	67.00 *	66.00
Non-Executive Above 50	Percentage	-	20.00 *	22.00
Gender Group by Employee Category				
Total Employees Male	Percentage	36.00	35.00 *	35.00
Total Employees Female	Percentage	64.00	65.00 *	65.00
Manager Male	Percentage	-	42.00	42.00
Manager Female	Percentage	-	58.00	58.00
Executive Male	Percentage	-	30.00	29.00
Executive Female	Percentage	-	70.00	71.00
Non-Executive Male	Percentage	-	33.00 *	33.00
Non-Executive Female	Percentage	-	67.00 *	67.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	57.00	57.00	67.00
Female	Percentage	43.00	43.00	33.00
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	0.00	0.00	0.00
Above 50	Percentage	100.00	100.00	100.00
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	-	4.60	4.30
Percentage of permanent resident / citizen in workforce	Percentage	-	99.90 *	99.90

Internal assurance | External assurance | No assurance | (*)Restated

PERFORMANCE TABLE

Indicator	Measurement Unit	2022	2023	2024
Percentage of global staff with a disability	Percentage	0.10	0.10 *	0.10
Number of Board of Directors	Number	7	7 *	6
Number of Independent Directors in the Board	Number	5	6 *	3
Number of women in the Board	Number	3	3 *	2
Business Partners Competency				
Agent attrition rate	Percentage	6.00	7.00	8.00
Percentage of agents who attended trainings	Percentage	95.00	95.00	98.00
Average training hours per agent	Hours	19	20 *	21
Social Responsibility				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	223,584.00	214,808.00 *	171,616.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	28	23	16
Number of CSR initiatives	Number	22	24	20
Supply Chain Management				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	-	96.00	98.00
Sustainable Product and Investment				
Percentage of investment in sustainable assets	Percentage	65.00	68.00	66.00
Net premiums written related to climate-friendly risks (in millions)	MYR	8.00	12.00 *	12.00
Climate Mitigation and Resilience				
Percentage of investment in high ESG risk sector	Percentage	1.00	2.00	1.00
Gross flood-related losses (in millions)	MYR	308.00	15.00 *	22.00
Net flood-related losses (in millions)	MYR	9.00	10.00 *	11.00
Insurance exposure in flood-prone areas	Percentage	6.00	6.00 *	6.00
Emissions Management				
Bursa C4(a) Total energy consumption	Megawatt	2,936.24	3,080.63	3,081.25
Bursa C9(a) Total volume of water used	Megalitres	14.397000	12.720000	12.729000
Bursa C10(a) Total waste generated	Metric tonnes	102.40	87.30	86.10
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	7.00	10.90	27.90
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	95.40	76.40	58.20
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	37.80	44.40	40.80
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	2,107.90	2,216.20	2,273.40
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	1,118.00	2,105.20	2,216.60

Internal assurance | External assurance | No assurance | (*)Restated

GLOBAL REPORTING INITIATIVE ("GRI") CONTENT INDEX

Statement of use	LPI Capital Bhd has reported in reference with the GRI Standards for the period from 1 January 2024 to 31 December 2024.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	GRI Disclosure		Page Reference
GENERAL DISCLOSURES			
GRI 2: General Disclosures 2021	**The organisation and its reporting practices**		
	2-1	Organisational details	Page 4 - 7 and 10
	2-2	Entities included in the organisation's sustainability reporting	Page 4 - 7
	2-3	Reporting period, frequency and contact point	Page 2 - 3
	2-4	Restatements of information	N/A
	2-5	External assurance	Page 101 - 105
	Activities and workers		
	2-6	Activities, value chain and other business relationships	Page 4 - 7, page 21 - 43 and page 49 - 51
	2-7	Employees	Page 8 and page 69 - 71
	2-8	Workers who are not employees	N/A
	Governance		
	2-9	Governance structure and composition	Page 114 - 119
	2-10	Nomination and selection of the highest governance body	Page 120 - 121
	2-11	Chair of the highest governance body	
	2-12	Role of the highest governance body in overseeing the management of impacts	
	2-13	Delegation of responsibility for managing impacts	Page 12 - 13
	2-14	Role of the highest governance body in sustainability reporting	Page 12 - 13
	2-15	Conflicts of interest	Page 119
	2-16	Communication of critical concerns	Page 12 - 13 and 62
	2-17	Collective knowledge of the highest governance body	Page 80 and 82
	2-18	Evaluation of the performance of the highest governance body	Page 122 - 123
	2-19	Remuneration policies	Page 124 - 125
	2-20	Process to determine remuneration	Page 124 - 125
	2-21	Annual total compensation ratio	N/A

GRI Standard	GRI Disclosure		Page Reference
GRI 2: General Disclosures 2021 (continued)	**Strategy, policies and practices**		
	2-22	Statement on sustainable development strategy	Page 11 - 15
	2-23	Policy commitments	Page 58, 61, 69 and 74
	2-24	Embedding policy commitments	
	2-25	Processes to remediate negative impacts	
	2-26	Mechanisms for seeking advice and raising concerns	
	2-27	Compliance with laws and regulations	Page 60
	2-28	Membership associations	Page 46
	Stakeholder engagement		
	2-29	Approach to stakeholder engagement	Page 46 - 47 and page 130 - 131
	2-30	Collective bargaining agreements	N/A
MATERIAL TOPICS			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Page 15
	3-2	List of material topics	Page 48
GOVERNANCE			
Anti-Bribery and Corruption			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 56 - 57
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	
	205-2	Communication and training about anti-corruption policies and procedures	
	205-3	Confirmed incidents of corruption and actions taken	
Cyber security, Privacy and Data Protection			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 58
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 58

GRI CONTENT INDEX

GRI CONTENT INDEX

GRI Standard	GRI Disclosure		Page Reference
SOCIAL			
Employee Health, Safety and Well-being			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 61 - 62
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Page 62
	403-2	Hazard identification, risk assessment, and incident investigation	Page 61 - 62
	403-3	Occupational health services	Page 62
	403-4	Worker participation, consultation, and communication on occupational health and safety	Page 62
	403-5	Worker training on occupational health and safety	Page 62
	403-6	Promotion of worker health	Page 62
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 62
	403-8	Workers covered by an occupational health and safety management system	Page 62
	403-9	Work-related injuries	Page 62
	403-10	Work-related ill health	Page 62
Employee Competency			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 65 and 72
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Page 66 and 72
	404-2	Programs for upgrading employee skills and transition assistance programs	Page 65
	404-3	Percentage of employees receiving regular performance and career development reviews	N/A
Diversity and Inclusion			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 69
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Page 69 - 71
	405-2	Ratio of basic salary and remuneration of women to men	N/A
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Page 69
Social Responsibility			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 73
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Page 73
	413-2	Operations with significant actual and potential negative impacts on local communities	Page 73
Supply Chain Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 74
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Page 74

GRI Standard	GRI Disclosure		Page Reference
ENVIRONMENTAL			
Energy, Water and Waste Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 79
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Page 87
	302-2	Energy consumption outside of the organisation	N/A
	302-3	Energy intensity	N/A
	302-4	Reduction of energy consumption	Page 79
	302-5	Reductions in energy requirements of products and services	N/A
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	N/A
	303-2	Management of water discharge-related impacts	N/A
	303-3	Water withdrawal	N/A
	303-4	Water discharge	N/A
	303-5	Water consumption	Page 87
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Page 79
	306-2	Management of significant waste-related impacts	Page 79
	306-3	Waste generated	Page 87
	306-4	Waste diverted from disposal	Page 87
	306-5	Waste directed to disposal	Page 87
Emissions Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 78
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Page 86
	305-2	Energy indirect (Scope 2) GHG emissions	Page 86
	305-3	Other indirect (Scope 3) GHG emissions	Page 87
	305-4	GHG emissions intensity	Page 87
	305-5	Reduction of GHG emissions	Page 78
	305-6	Emissions of ozone-depleting substances (ODS)	N/A
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A

SUSTAINABILITY ACCOUNTING STANDARDS BOARD CONTENT INDEX

Topic	Metric	Code	Pages
Transparent Information & Fair Advice for Customers	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	FN-IN-270a.1	60
	Complaints-to-claims ratio	FN-IN-270a.2	64
	Customer retention rate	FN-IN-270a.3	63
	Description of approach to informing customers about products	FN-IN-270a.4	63
Incorporation of Environmental, Social and Governance Factors in Investment Management	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment management processes and strategies	FN-IN-410a.2	75
Policies Designed to Incentivise Responsible Behaviour	Net premiums written related to energy efficiency and low-carbon technology	FN-IN-410b.1	75
	Discussion of products or product features that incentivise health, safety or environmentally responsible actions or behaviours	FN-IN-410b.2	68
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	FN-IN-410c.1	-
	Gross exposure for each industry by asset class	FN-IN-410c.2	89
	Percentage of gross exposure included in the financed emissions calculation	FN-IN-410c.3	-
	Description of the methodology used to calculate financed emissions	FN-IN-410c.4	-
Physical Risk Exposure	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	FN-IN-450a.1	-
	The total amount of monetary losses attributable to insurance pay-outs from (1) modelled natural catastrophes and (2) non-modelled natural catastrophes, by type of event and geographical segment (net and gross of reinsurance)	FN-IN-450a.2	87
	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of entity-level risks and capital adequacy	FN-IN-450a.3	77
Systemic Risk Management	Exposure to derivative instruments by category: (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	FN-IN-550a.1	-
	Total fair value of securities lending collateral assets	FN-IN-550a.2	-
	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	FN-IN-550a.3	59
Activity Metrics	Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance	FN-IN-000.A	63

ASSURANCE STATEMENT

ASSURANCE UNDERTAKEN

In strengthening the credibility of the Sustainability Statement, this Sustainability Statement has been subjected to the following:

a) an internal review by the Group's internal auditors; and
b) independent assurance in accordance with recognised assurance standards for selected indicators

and has been approved by the Company's Audit Committee.

The scope, subject matters and relevant conclusion(s) are provided below:

Type of Assurance	Subject Matter	Scope	Conclusion
Independent assurance	**Greenhouse Gas ("GHG") Emissions** Scope 1: Direct Emissions Scope 2: Indirect Emissions Scope 3: Other Indirect Emissions	The boundary of the review includes all companies within the LPI Group.	On the basis of the methodology and activities described for the agreed work scope, nothing has come to the assurance provider's attention to indicate that the reviewed statements of the GHG emissions are inaccurate and the information included therein is not fairly stated.
Internal review	All subject matters other than GHG Emissions		Not applicable.

Please refer to pages 102 to 105 for the independent limited verification statement provided by Bureau Veritas Certification (M) Sdn. Bhd.

ASSURANCE STATEMENT

INDEPENDENT LIMITED VERIFICATION STATEMENT

To: The Stakeholders of LPI CAPITAL BHD
Kuala Lumpur, Malaysia

Introduction and objectives of work

Bureau Veritas Certification (M) Sdn Bhd ("Bureau Veritas") has been engaged by LPI Capital Bhd to provide limited verification over Scope 1, Scope 2 and selected categories of Scope 3 greenhouse gas (GHG) emissions data for the period from January 1 to December 31, 2024. This Verification Statement applies to the related information included within the scope of work described below. The overall objective of this process is to provide verification to LPI Capital Bhd's stakeholders over the accuracy, reliability and objectivity of the GHG emissions data presented in the LPI Capital Bhd's 2024 Integrated Annual Report.

Scope of work

Our work focused on verifying the Scope 1, Scope 2, and selected categories of Scope 3 GHG emissions data for LPI Capital Bhd and its subsidiary, Lonpac Insurance Bhd (collectively referred to as the LPI Group). This verification covered operations at the Headquarters and branch offices in Peninsular Malaysia, Sabah, Sarawak, and the Singapore office. The GHG emissions data reviewed pertain to the period from January 1 to December 31, 2024.

The verification boundary encompassed the following GHG emissions and related data from activities under the LPI Group's operational control:

- Direct GHG emissions (Scope 1): Emissions from the use of fuel in the LPI Group's vehicles.
- Indirect GHG emissions (Scope 2): Emissions from purchased electricity.
- Indirect GHG emissions (Scope 3):
  - **Purchase of goods**: Limited to paper and water.
  - **Waste generation**: Limited to paper sent for recycling or landfill, plastic waste, metal, and electronic parts sent for recycling.
  - **Business travel**: Limited to land travel via employees' cars and public transport such as taxi and e-hailing services.
  - **Employee commuting:** To and from work.
  - **Downstream transportation and distribution**: Limited to towing services for motor insurance products sold in Malaysia.
  - **End-of-life treatment of sold products**: Limited to the disposal of expired products sold in Malaysia and Singapore.

BUREAU VERITAS Page 1 of 4

ASSURANCE STATEMENT

Limitations and exclusions

The scope of our work excludes the verification of:

- activities occurring outside the defined verification period.
- other environmental information included in the Annual Report.

This limited verification engagement is based on a risk-based sampling approach, which inherently involves certain limitations. Consequently, this independent statement should not be relied upon to identify all errors, omissions, or misstatements that may be present.

Responsibilities

The preparation and presentation of the GHG emissions in the 2024 Integrated Annual Report are solely the responsibility of the LPI Group's management.

Bureau Veritas did not participate in drafting the Report. Our responsibilities were as follows:

- To obtain limited verification of whether the GHG emissions data has been appropriately and accurately prepared.
- To form an independent conclusion based on the verification procedures performed and the evidence obtained.
- To report our conclusions to the management of the LPI Group.

Assessment Standard

We performed our work in accordance with the following methodology and standards and Bureau Veritas' standard procedures and guidelines:

- ISO 14064-3: 2019 Specification with guidance for the verification and validation of greenhouse gas statements; and
- Greenhouse Gas Protocol Corporate Standard and Corporate Value Chain (Scope 3) Standard.

Summary of work performed

As part of its independent verification, Bureau Veritas undertook the following activities:

1. Assessed the appropriateness of the reporting boundary to ensure completeness;
2. Interviewed relevant personnel responsible for gathering and compiling information;
3. Conducted a thorough review of data and calculation methods;
4. Reviewed internal and external documentation and verify the accuracy of data collected from various sources;
5. Reviewed the data collection procedure and consolidation processes used to compile the GHG information, including the assumptions made and the emission factors; and
6. Re-performed aggregation calculations of the GHG emissions.

BUREAU VERITAS Page 2 of 4

ASSURANCE STATEMENT

Conclusion

Based on our methodology and the activities conducted within the agreed scope of work, the evidence has come to our attention to suggest that the reviewed GHG emission statements are accurate and the information presented are fairly stated.

In line with the scope of the verification process, Bureau Veritas provides the following opinion:

- The accuracy of GHG emissions data disclosed in the LPI Capital Bhd's Integrated Annual Report is fair, reasonable, and appropriately presented.
- The responsible personnel demonstrated a clear understanding of the data's origin and interpretation as reported.
- The LPI Group has established effective systems to collect, aggregate, and analyze quantitative data for determining Scope 1, Scope 2, and Scope 3 GHG emissions within the defined boundaries and reporting period.
- The following GHG emissions were confirmed as below;

LPI Group's GHG emissions	tCO_2e
Scope 1	40.8
Scope 2 (location- and market-based)	2,273.4
Scope 3:	
Category 1 : Purchase of goods	102.6
Category 5 : Waste generated in operations	43.4
Category 6 : Business travel	89.4
Category 7 : Employee commuting	838.0
Category 9 : Downstream transportation & distribution	1,118.7
Category 12 : End-of-life treatment of sold products	24.5

Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with almost 195 years of history in providing independent validation and verification services.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities. We are particularly vigilant in the prevention of conflicts of interest.

ASSURANCE STATEMENT

No member of the verification team has a business relationship with LPI Group, its Directors, Managers, or officials beyond that required of this assignment. We have conducted this validation independently and there has been no conflict of interest.

The verification team has extensive experience in conducting verification over environmental, social, ethical, and health & safety information, systems and processes an excellent understanding of Bureau Veritas standard methodology for the verification of greenhouse gas emissions data.

This verification statement, including the opinion expressed herein, is provided to LPI Group and is solely for the benefit of LPI Group in accordance with the terms of our agreement. We consent to the release of this statement by you to others interest party in order to satisfy the terms of disclosure requirements but without accepting or assuming any responsibility or liability on our part to any other party who may have access to this statement.

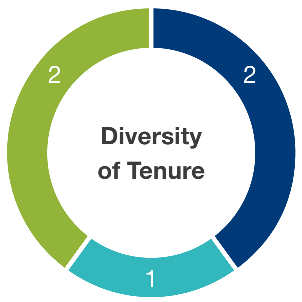
For and on behalf of Bureau Veritas Certification (M) Sdn Bhd, Kuala Lumpur
3rd Feb 2025

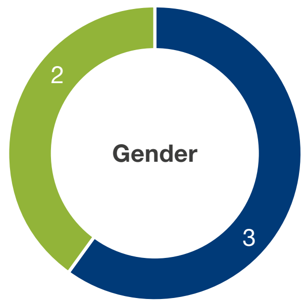
Ng Sheng Wa
Head of Certification

BOARD DIVERSITY

BOARD DIVERSITY

All aspects of diversity, including gender are considered at every level of recruitment. All appointments to the Board are made on merit. The Board's policy ensures that the Board seeks a composition with the right balance of skills and diversity to meet the demands of the business. The Company meets the 30% recommended minimum proportion of women on the Board.





3
Independent Non-Executive Directors

1
Executive Director

1
Non-Independent Non-Executive Director

2
<1 - 5 years

1
>5 - 10 years

2
> 10 years

3
Male

2
Female

POLICY ON MAXIMUM TENURE FOR INDEPENDENT DIRECTORS

The maximum tenure of an Independent Non-Executive Director ("INED") shall be a cumulative term of 9 years from the date of first appointment as a Director. Upon reaching such maximum tenure, the INED may continue to serve on the Board but shall be re-designated as a Non-Independent Non-Executive Director.

Board Committees

Chairman | Member | A Audit Committee | N Nomination and Remuneration Committee | R Risk, Compliance and Sustainability Committee

BOARD SKILLS MATRIX AND EXPERIENCE

Mr. Tee Choon Yeow
Accounting & Insurance
R

Mr. Tan Kok Guan
Insurance

Encik Mohamed Raslan Bin Abdul Rahman
Audit, Corporate Recovery & Restructuring, Accounting, Corporate Finance, Internal Audit and Risk Management
A N R

Dato' Chia Lee Kee
Corporate Governance
N A R

Ms. Soo Chow Lai
Reinsurance & Investment
A N R

WHO GOVERNS US

MR. TEE CHOON YEOW

Non-Independent Non-Executive Chairman
B.Com.; CA (NZ); CA (M'sia); FCPA (Aust)

Nationality	Age	Gender
Malaysian	72	Male

Board Attendance in the FY2024
7/7

Mr. Tee Choon Yeow, aged 72, male, was appointed to the Board of the Company on 29 October 1991 and re-designated as Chairman of the Company on 19 January 2023. He is also a Non-Independent Non-Executive Director (NINED) and Chairman of the Company's wholly-owned subsidiary, Lonpac Insurance Bhd, a public company. Presently, Mr. Tee serves as Chairman of the Risk, Compliance and Sustainability Committee of the Company.

QUALIFICATIONS

Mr. Tee holds a Bachelor's Degree in Commerce from the University of Canterbury, New Zealand. He is a Chartered Accountant of the Institute of Chartered Accountants, New Zealand and the Malaysian Institute of Accountants and a Fellow of the CPA Australia.

EXPERIENCE

Mr. Tee joined the Company as an Accountant in 1980. He was the Executive Director/ Chief Executive Officer of the Company until he retired in 2013 and thereafter served as a NINED of the Company. Mr. Tee was re-designated as Independent Non-Executive Director with effect from 1 March 2015 and appointed as Co-Chairman of the Company on 8 July 2015. Mr. Tee was re-designated as Independent Non-Executive Chairman of the Company with effect from 19 January 2023. He was re-designated as Non-Independent Non-Executive Chairman of the Company with effect from 1 March 2024.

WHO GOVERNS US

WHO GOVERNS US

MR. TAN KOK GUAN

Executive Director/ Group Chief Executive Officer
Chartered Insurer
B.Sc. (Hons.); MBA; ACII; AAii

Nationality	Age	Gender
Malaysian	68	Male

Board Attendance in the FY2024
7/7

Mr. Tan Kok Guan, aged 68, male, was appointed to the Board of the Company on 29 October 1996. He was appointed as Executive Director/ Chief Executive Officer of the Company with effect from 8 July 2013 and was designated as the Executive Director/ Group Chief Executive Officer with effect from 20 February 2025.

QUALIFICATIONS

Mr. Tan holds a Bachelor's Degree with Honours in Science from the University of London, United Kingdom and a Master's Degree in Business Administration from the University of Hawaii. He is also a Chartered Insurer of the Chartered Insurance Institute in London and an Associate member of the Asian Institute of Insurance in Kuala Lumpur.

EXPERIENCE

Mr. Tan was an executive director of the Company from October 1996 to May 1999 and thereafter served as a Non-Independent Non-Executive Director to July 2013.

PRESENT DIRECTORSHIP IN OTHER COMPANIES

Mr. Tan is the Chairman of the Board of Campu Lonpac Insurance Plc, an associate company. He is also currently a member of the Board of the Asian Institute of Insurance in Kuala Lumpur.

ENCIK MOHAMED RASLAN BIN ABDUL RAHMAN

Independent Non-Executive Director
B.Com.; MICPA; MIA; CAANZ

Nationality: Malaysian | **Age:** 61 | **Gender:** Male

Board Attendance In The FY2024: 6/6

Encik Mohamed Raslan Bin Abdul Rahman, aged 61, male, was appointed to the Board of the Company on 31 January 2024. Presently, Encik Raslan serves as Chairman of the Audit Committee, a member of the Risk, Compliance and Sustainability Committee and the Nomination and Remuneration Committee of the Company.

QUALIFICATIONS

Encik Raslan holds a Bachelor of Commerce from The University of Melbourne; holder of a Capital Market Services Representative's License; a Licensed Auditor and Liquidator, Malaysia; a Member of the Malaysian Institute of Certified Public Accountants (MICPA); a Member of the Malaysian Institute of Accountants (MIA); and a Fellow of the Chartered Accountants of Australia and New Zealand (CAANZ).

EXPERIENCE

Encik Raslan is now the Chairman of BDO Malaysia (BDO). In BDO, he sits on the Management Committee of the overall firm and oversees the quality of the audit operation as Chairman of the Monitoring and Remediation Committee.

He has over 40 years of experience in audit, corporate recovery and restructuring, corporate finance, internal audit and risk management. He served in the EXCO of KPMG for over 10 years before becoming Managing Partner. During his tenure at KPMG, he was involved in setting up the internal audit and risk services department which provides services such as Enterprise Risk Management, key internal controls review and internal audit. As an audit partner, besides auditing companies in many industries, he was also involved in the role of reporting accountants as well as due diligence, valuation and transaction services.

Encik Raslan has been a financial advisor to lenders and/or shareholders on restructuring schemes. He has also been involved in corporate finance work such as mergers and acquisitions/initial public offerings of companies listed on Bursa Malaysia. He has vast experience in transaction services and has been involved in several due diligence reviews and valuations of companies across various industries. Finally, he has also been the liquidator, receiver & manager, and special administrator for multiple engagements. Encik Raslan was the President of Insolvency Practitioners Association Malaysia.

Encik Raslan was appointed as the Independent Trustee of Petronas Decarbonisation Fund, Chairman of Malaysian Accounting Standard Board and a member of the Corporate Debt Restructuring Committee, Bank Negara Malaysia, Trustee of the Sultan Iskandar Foundation and has served in various capacities in MIA/MICPA and other community organisations that he has served for national interest mainly in his field of expertise. From 2015 to 2021 he represented Malaysia at the International level and was involved in the setting of major accounting standards for Malaysia.

DATO' CHIA LEE KEE

Independent Non-Executive Director
FCIS (CS) (CGP)

Nationality: Malaysian | **Age:** 71 | **Gender:** Female

Board Attendance In The FY2024: 7/7

Dato' Chia Lee Kee, aged 71, female, was appointed to the Board of the Company on 18 January 2021. Presently, Dato' Chia serves as Chairman of the Nomination and Remuneration Committee, a member of the Audit Committee and the Risk, Compliance and Sustainability Committee of the Company.

QUALIFICATIONS

Dato' Chia is a Chartered Secretary and a Chartered Governance Professional; she is a Fellow of The Malaysian Institute of Chartered Secretaries and Administrators.

EXPERIENCE

Dato' Chia had served Public Bank Berhad for more than 42 years, involving 12 years in credit and credit control functions, and 30 years in various Management and Senior Management positions in Public Bank Berhad.

Dato' Chia had served as the Company Secretary of Public Bank Berhad for 24 years. She had also served as the Company Secretary of several Malaysian and overseas subsidiaries of Public Bank Berhad. She was a member of the Board of several subsidiaries of Public Bank Berhad.

Dato' Chia had participated in various corporate exercises of Public Bank Berhad such as the listing of its subsidiary on the Main Board of Bursa Malaysia Securities Berhad, and its merger with several financial institutions.

Dato' Chia is experienced in the corporate governance requirements of Bank Negara Malaysia, Bursa Malaysia Securities Berhad and other relevant authorities, including corporate governance standards and practices laid down by the regulatory authorities.

WHO GOVERNS US

MS. SOO CHOW LAI

Independent Non-Executive Director
BA Econs (Hons)

Nationality: Malaysian | **Age:** 72 | **Gender:** Female

Board Attendance In The FY2024: 7/7

Ms. Soo Chow Lai, aged 72, female, was appointed to the Board of the Company on 1 August 2018. Presently, Ms. Soo serves as a member of the Audit Committee, the Risk, Compliance and Sustainability Committee and the Nomination and Remuneration Committee of the Company.

QUALIFICATIONS

Ms. Soo holds a Bachelor of Arts – Econs (Honours) Degree from University of Malaya.

EXPERIENCE

Ms. Soo worked in Malaysian National Reinsurance Bhd and its Associated Company, Labuan Reinsurance (L) Ltd for about 30 years in various senior positions. She has extensive experience in reinsurance underwriting, claims evaluations and settlements, investment and property management. Ms. Soo had travelled widely for business development both locally and internationally and was involved in major policy decisions of the two companies she served in.

MS. KONG THIAN MEE

Group Company Secretary
FCIS (CS) (CGP)

Nationality: Malaysian | **Age:** 55 | **Gender:** Female

Ms. Kong Thian Mee, aged 55, female, was appointed as Company Secretary of LPI Group on 1 August 2000 and has been with the Company since 1993. She is the Secretary for all the Board Committees.

QUALIFICATIONS

Ms. Kong is a Chartered Secretary and a Chartered Governance Professional; she is a Fellow of The Malaysian Institute of Chartered Secretaries and Administrators.

EXPERIENCE

Ms. Kong has more than 30 years of experience in Secretariat and Human Resource. Presently, she oversees Secretariat, Human Resource and Employees Development matters. She is also the Company Secretary of an associate company, Campu Lonpac Insurance Plc.

None of The Directors Have:

- Family relationship with the Directors and/ or major shareholders of LPI.
- Conflicts of interest in any business arrangements involving LPI.
- Convictions for offences within the past 5 years other than traffic offences.
- Been publicly sanctioned or penalised by relevant regulatory bodies during the financial year.

All the Directors are Malaysians.

WHO LEADS US

KEY GROUP MANAGEMENT

MR. TAN KOK GUAN

Executive Director/
Group Chief Executive Officer (LPI Capital Bhd)

Nationality: Malaysian | **Age:** 68 | **Gender:** Male

WORKING EXPERIENCE

Mr. Tan Kok Guan, was appointed to the senior management position of the Company on 1 March 1994. He was an executive director of the Company from October 1996 to May 1999 and thereafter served as a Non-Independent Non-Executive Director to July 2013. He was appointed as Executive Director/ Chief Executive Officer of the Company with effect from 8 July 2013 and was designated as the Executive Director/ Group Chief Executive Officer with effect from 20 February 2025.

Mr. Tan is the Chairman of the Board of Campu Lonpac Insurance Plc, an associate company. He is also currently a member of the Board of the Asian Institute of Insurance in Kuala Lumpur.

Mr. Tan holds a Bachelor's Degree with Honours in Science from the University of London, United Kingdom and a Master's Degree in Business Administration from the University of Hawaii. He is also a Chartered Insurer of the Chartered Insurance Institute in London and an Associate member of the Asian Institute of Insurance in Kuala Lumpur.

MR. LOOI KONG MENG

Executive Director/
Chief Executive Officer (Lonpac Insurance Bhd)

Nationality: Malaysian | **Age:** 65 | **Gender:** Male

WORKING EXPERIENCE

Mr. Looi Kong Meng, was appointed to the senior management position when he joined Lonpac as a Chief Operating Officer on 1 February 2008. He has more than 40 years of experience in the general insurance industry. He was promoted to Chief Executive Officer in 2013 and was appointed to the Board of Lonpac Insurance Bhd as Executive Director on 8 January 2018.

Mr. Looi does not hold any directorship in LPI or in other public listed companies.

Mr. Looi is a Chartered Insurer and Associate of both the Chartered Insurance Institute (ACII) and the Malaysian Insurance Institute (AMII).

WHO LEADS US
KEY GROUP MANAGEMENT

MR. CHUANG CHEE HING
Deputy Chief Executive Officer
(Lonpac Insurance Bhd)

Nationality: Malaysian | **Age:** 62 | **Gender:** Male

WORKING EXPERIENCE

Mr. Chuang Chee Hing, was appointed to the senior management position upon his promotion to Chief Operating Officer on 1 January 2013. He has more than 30 years of experience in the general insurance industry. He rose to his present position as Deputy Chief Executive Officer on 1 January 2018.

Mr. Chuang does not hold any directorship in LPI or in other public listed companies.

Mr. Chuang is a holder of a Bachelor's Degree with Honours in Science (Education) from Universiti Sains Malaysia.

MR. YOW KAI FOOK
Chief Operating Officer –
Business Operations (Lonpac Insurance Bhd)

Nationality: Malaysian | **Age:** 63 | **Gender:** Male

WORKING EXPERIENCE

Mr. Yow Kai Fook, was appointed to the senior management position upon his promotion to Chief Operating Officer – Business Operations on 1 January 2022. He has more than 30 years of experience in the general insurance industry.

Mr. Yow does not hold any directorship in LPI or in other public listed companies.

Mr. Yow is a holder of a Bachelor's Degree in Chemical Engineering from McGill University, Montreal, Canada.

None of The Key Group Management Members Have:

- Family relationship with the Directors and/ or major shareholders of LPI.
- Conflicts of interest in any business arrangements involving LPI.
- Convictions for offences within the past 5 years other than traffic offences.
- Been publicly sanctioned or penalised by relevant regulatory bodies during the financial year.

WHO LEADS US
GROUP MANAGEMENT

LONPAC INSURANCE BHD
(Wholly owned subsidiary of LPI Capital Bhd)

BUSINESS OPERATIONS

Raymond Tan Soo Boon
Chartered Insurer, B.A. (Econs.) (Hons), ACII, AMII
Chief Distribution Officer

Sia Meu Ing
B.A. (Business Administration) (Hons.)
Deputy General Manager – Agency

Yap Chee Kiat
ANZIIF (Snr. Assoc.)
Assistant General Manager – Financial Institution and Customer Service

Janice Lee Leng Leng
B.A. (Business Entrepreneurship)
Assistant General Manager – Global Partnership

Sallehuddin Bin Marzuki
B.B.A. (Insurance) (Hons.)
Chief Underwriting Officer

Chia You Hwang
M. Econs, B.B.A., ACII, AMII
Director – Broking

Ernie Bak Hock Liang
B. Econs.
Director – Digital Business

Chan Chee Choy
B.B.A., AMII
Director – Underwriting

Voon Wing Chuan
Chartered Insurer, B.A. (Econs.) (Hons.), MBA, ACII, FMII, ANZIIF (Fellow) CIP
Chief Claims Officer

Chin Choy Li
ANZIIF (Snr. Assoc.), AMII, B. Econs.
Director – Reinsurance and Underwriting

Kevin Wong Vui Khong
B. Sc. (Applied Maths.)
Director – Trade Credit

Noor Hayati Binti Yaacob
B.A. (International Relations)
Manager – Customer Service

Alvin Lim Jun Sum
B.A. (Actuarial Sc.)
Manager – Product Development

Lee Wai Khong
B. Sc. (Actuarial & Financial Maths.)
Manager – Pricing

FOREIGN BRANCH

Quek Sun Hui
Chartered Insurer, B. Eng. (Civil), MBA, ACII
Chief Executive – Singapore

INTERNAL AUDIT

Irene Hwang Siew Ling
B. Acc. (Hons.), CA (M'sia), CPA (M'sia), CMIIA
Group Chief Internal Auditor

CONTROL

Mahinder Kaur a/p Kapal Singh
Dip. in Corporate Governance and Compliance (Basel Institute of Governance)
Chief Compliance Officer

Lee Chiew Lai
B. Sc. (Actuarial & Financial Maths.)
Chief Risk Officer

Lai Geng Farn
International Diploma (Computer Studies), CISSP, CISM, ISO27001 Lead Auditor
Chief Information Security Officer

SUPPORT

Tammy Kong Thian Mee
Chartered Secretary and Chartered Governance Professional FCIS (CS) (CGP)
General Manager – Group Company Secretary and Group Human Resource

Ng Seng Khin
B. Acc. (Hons.), CA (M'sia)
Group Chief Financial Officer

Cynthia Ng Boon Howe
B. Sc. (Comp. Sc.)
Chief Information Officer

Shanice Goh Ooi Yean
Chartered Secretary and Chartered Governance Professional ACIS (CS) (CGP)
Senior Manager – Secretariat

Tung Chee Lim
B. Sc. (Actuarial Science), FCAS, FASM, FSAS
Appointed Actuary

Lim Wai Cheng
CAHRI, Dip (Bus. Admin)
Senior Manager - Human Resource

Fong Pei Wei
B. Communication (Hons.)
Senior Manager – Employees Development

Katherine Ooi Seok Peng
Dip (Executive Secretaryship)
Manager – Administration

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP AND EFFECTIVENESS

OUR APPROACH TO GOVERNANCE

This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report 2024, which is available on the Company's corporate website at www.lpicapital.com.

An effective governance framework is fundamental to achieving the Company's purpose and executing its strategic objectives across the Group. The governance structure, underpinned by a clear division of responsibilities, enables the Board of Directors ("Board") to function effectively, fulfill its obligations, and provide insightful oversight. A significant portion of the Board's responsibilities is exercised through delegation to specialised Board Committees, which allow for intensified focus on critical areas, facilitating deeper analysis and understanding of complex matters.

The delegation of authority to these Board Committees is rigorously formalised through comprehensive Terms of Reference, while the Board retains a schedule of key matters for its exclusive decision. Furthermore, there is a defined separation of responsibilities between the Chairman and the Chief Executive Officer ("CEO"). The CEO is accountable for implementing strategy, managing the day-to-day operations, and overseeing the Group's performance.

The Company's governance structure is dynamic, with a well-established framework embedded throughout the Group and a continually evolving Management team. This structure is designed to enhance clarity of purpose across all business areas, enabling the successful delivery of divisional and Group-wide strategic plans.

Group Governance Framework

An Effective Board

The Board collectively holds the responsibility of ensuring the Group's sustained success, acting on behalf of shareholders to generate long-term value and addressing the Group's wider impact on all stakeholders. The Board is the ultimate authority on major decisions impacting the organisation, encompassing strategic, financial, and reputational considerations.

The Board's effectiveness in discharging its responsibilities relies on a well-composed, balanced team with a wide range of skills and expertise. The Company's governance framework enables decisive and accountable actions, supported by defined responsibilities within a structured system.

Board

The Board is jointly accountable for driving the long-term, sustainable success of the Group. This entails creating shareholder value while fulfilling obligations to all stakeholders. Key responsibilities include setting the Group's strategic priorities, monitoring management's performance, determining risk appetite, ensuring compliance with corporate governance principles, and upholding the purpose, culture, values, and ethics of the Company.

Chairman of the Board

The Chairman of the Board leads the Board, setting its agenda, ensuring effectiveness, and fostering constructive engagement from Non-Executive Directors ("NEDs") in evaluating the Executive Director's performance and strategic planning. Additionally, the Chairman of the Board plays a vital role in shareholder communications and collaborates with the Board to define the Group's culture, purpose, and values.

Non-Executive Directors

NEDs provide independent judgement by constructively challenging management's performance, supporting strategy development, and ensuring the robustness of financial controls and risk management. They are instrumental in determining Executive Director's remuneration and in overseeing succession planning.

Chief Executive Officer

The CEO is accountable for the formulation and implementation of the Group's strategy in line with Board-approved policies and objectives, ensuring operational efficiency and profitability.

Chief Financial Officer ("CFO")

The CFO is responsible for overseeing the Group's financial matters and supports the CEO in the formulation and execution of the Group's strategy.

This structured leadership and governance approach ensures that the Group remains aligned with its strategic objectives while safeguarding its commitment to governance and transparency.

Matters Reserved for the Board

- Approve the Company's risk appetite, annual business plans, and other initiatives that, individually or collectively, may have a material impact on the Company's risk profile.
- Oversee the Company's business operations and financial performance.
- Oversee the selection, performance, remuneration, and succession planning for the CEO, heads of control functions, and other members of the Management, ensuring the Board is satisfied with the collective competence of the Management to effectively lead the Company's operations.
- Approve appointments, succession policies, and remuneration packages for Board and Board Committee members.
- Oversee the implementation of the Company's governance and internal control frameworks, periodically reviewing their appropriateness in light of material changes to the size, nature, and complexity of the Company's operations.
- Promote collaboration with the Management, a sound corporate culture within the Company that reinforces ethical, prudent, and professional behaviour, including fostering a strong compliance culture.
- Promote an environment that not only ensures the Company complies with legal and regulatory requirements but also encourages the ethical conduct underlying such requirements.
- Promote sustainability by considering environmental, social, and governance factors in the Company's business strategies.
- Oversee and approve recovery, resolution, and business continuity plans to restore the Company's financial strength and maintain or preserve critical operations and services during periods of stress.
- Review, challenge, and approve the Management's strategic plans for the Company, while monitoring their implementation.
- Supervise and assess the Management's performance to ensure proper business management.
- Ensure the integrity of the Company's financial and non-financial reporting.
- Ensure the Company has procedures in place for effective communication with stakeholders.
- Fulfill various functions and responsibilities as specified in directives issued by regulatory authorities from time to time.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

COMMITTED TO RESPONSIBLE, EFFECTIVE GOVERNANCE

Board Activities During The Year

In addition to its regular business, specific topics considered by the Board of the Group at their meetings this year, included:

SUSTAINABILITY

- Reviewed the Group's sustainability blueprint by establishing sustainability targets and goals.
- Conducted the quarterly reviews of the Group's sustainability performance, which includes Greenhouse Gas ("GHG") emissions, employees well-being, turnover rate of employees, and etc.
- Reviewed the material sustainability matters to ensure relevance.

GOVERNANCE, RISK & COMPLIANCE

Governance

- Appointed a new Independent NED on Board to promote Board refreshment.
- Engaged an external consultant to carry out Board Evaluation Exercise for 2024.
- Appointed a new Chairman of the Audit Committee in place of the Chairman who has reached the maximum tenure of independence, to promote good governance.
- Discussed the reports from Board Committees on corporate governance, legal, compliance and sustainability matters.

Risk

- Revised the Group Procurement Policy.
- Reviewed the overall remuneration system to ensure it does not compromise the Group's ability to maintain liquidity and capital strength at all times.
- Reviewed and approved the risk appetite and risk tolerance limits of the subsidiary company, Lonpac Insurance Bhd ("Lonpac").
- Conducted the periodic reviews of governance frameworks to ensure the Group remains relevant to current requirements and challenges.
- Discussed the reports from Board Committees on risk-related matters.
- Reviewed the effectiveness, challenges, and management action plans concerning the Group's risk and control environment.

Compliance

- Conducted focused discussions on regulatory updates and their impact on the subsidiary company, taking actions to close any identified gaps where applicable.
- Established the Gifts and Hospitality Policy to better manage the exchange of gifts and hospitality in the subsidiary, which took effect on 1 January 2025. This Policy supersedes the provisions currently available in the Policy on General Conduct.
- Introduced several enhancements to the sanction screening and customer due diligence processes and procedures to ensure compliance with the regulatory requirements in the Bank Negara Malaysia's ("BNM") Policy Document on Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Financial Institutions.

PEOPLE & CULTURE

- Conducted a comprehensive assessment to evaluate the effectiveness of the Board as a whole, as well as the efficacy of each committee and the performance of individual directors.

FINANCIAL

- Discussed the reports provided by the CFO on financial reporting and performance, allowing the Board the opportunity to provide input and challenge where necessary.
- Approved the Group's financial and operational plans for 2024, including investments in the business.
- Monitored the Group's financial performance and results, approving dividend payments to ordinary shareholders.
- Assessed the Group's capital and liquidity requirements.
- Approved the Quarterly Results, Financial Results, and Integrated Annual Report.

PERFORMANCE & STRATEGY

- Vigilantly overseeing the performance of the Group, consistently reviewing and realigning business strategies to address emerging challenges in the operating environment.
- Maintaining a commitment to prudent underwriting and claims policies to ensure sustained profitability during this economically turbulent period.
- Convened a dedicated strategy discussion in December 2024, complemented by additional focused strategy sessions, to supervise the formulation and execution of the Group's strategic initiatives.

GOVERNANCE OF SUSTAINABILITY

The Board affirms that sustainable business practices are fundamental to creating long-term value. Recognising the essential link between responsible conduct and operational excellence, the Board diligently monitors LPI Group's performance across environmental, social, and governance ("ESG") factors, viewing this oversight as central to its role in guiding the Group's corporate strategy.

Responsibility for sustainability and corporate governance extends beyond the Board, with each employee playing a role in upholding corporate values and embedding environmental and social considerations into the Group's strategy.

As stewards for its shareholders, the Board is unwavering in its commitment to exemplary corporate governance, marked by a focus on ethics, integrity, and responsibility. This commitment ensures alignment between the Group's corporate strategy and the organisation's values and culture. To stay well-informed on material sustainability matters, the Board relies on insights from the Enterprise Risk Management & Sustainability Department, which plays a pivotal role in managing the Group's sustainability practices.

ESG DURING 2024

Throughout the year, the Board dedicated considerable effort to advancing the Group's ESG strategy, meticulously evolving its overall structure and framework. Emphasising alignment with key business opportunities and challenges, the Board prioritised clear and impactful communication of ESG principles to all stakeholders. ESG holds a central position in LPI's purpose and mission, with a primary focus on transparently conveying this commitment to investors and broader stakeholder groups.

In 2024, the Group remained transparent to the shareholders by maintaining the independent verification for the Group's sustainability statement. External parties verified GHG emissions, while internal audit processes verified other aspects; detailed information was available on page 101.

The Group proactively enhanced its disclosures pertaining to climate change, Task Force on Climate-Related Financial Disclosure, and its GHG inventory. Engaging an external consultant, the Group not only facilitated comprehensive training but also conducted assessment of its risk profile, with a specific focus on climate change impact.

The Group has joined the Partnership for Carbon Accounting Financials as one of the signatories in 2024. The Group is committed to continue reviewing the coverages of the GHG emissions and will measure and disclose the emissions, in particular Category 15: Investments in the near future.

A noteworthy achievement is the continued A rating with a "stable" outlook for the subsidiary, Lonpac, by A.M. Best. The assessment underscores Lonpac's robust standing, characterised by strong operational performance, a neutral business profile, and commendable enterprise risk management practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

COMPOSITION OF THE BOARD

The Nomination and Remuneration Committee ("NRC") bears responsibility for evaluating the Board's composition and providing recommendations for Director appointments. As of 2024, the Board includes three (3) Independent NEDs, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), ensuring that Independent NEDs constitute at least two Directors or one-third of the Board.

The NEDs contribute significant expertise, judgement, and experience to Board discussions. They are encouraged to maintain open lines of communication with the Executive Director between formal meetings and convene independently at least once a year without the Executive Director present.

A key role of the NEDs is to rigorously assess Management's performance in meeting agreed goals and objectives, closely overseeing the reporting of performance. They are responsible for ensuring the accuracy of financial reporting, the resilience of financial controls, and the effectiveness of risk management systems. Additionally, the NEDs determine appropriate remuneration for the Executive Director and hold primary responsibility for the appointment of the Executive Director. Active in succession planning, they work to secure leadership continuity and stability.

The NRC also has an ongoing duty to review the Board's structure, size, and composition, assessing Directors' skills, knowledge, experience, and diversity. It is further tasked with identifying and recommending suitable candidates for any Board vacancies. The outcomes of the Committee's activities, including any Board appointments during the period, will be disclosed annually in the Company's Integrated Annual Report.

Name	Date of Appointment	Attendance Record in 2024			
		BOARD	AC	NRC	RCSC
MR. TEE CHOON YEOW *Non-Independent Non-Executive Chairman* *(Re-designated as Non-Independent Non-Executive Chairman: 1 March 2024)* *(Date of Cessation as Audit Committee Member : 7 February 2024)*	29 October 1991	7/7	1/1	N/A	4/4
MR. TAN KOK GUAN *Executive Director/ Group Chief Executive Officer*	29 October 1996	7/7	N/A	N/A	N/A
ENCIK MOHAMED RASLAN BIN ABDUL RAHMAN *Independent Non-Executive Director*	31 January 2024	6/6	3/3	N/A	3/3
DATO' CHIA LEE KEE *Independent Non-Executive Director*	18 January 2021	7/7	4/4	5/5	4/4
MS. SOO CHOW LAI *Independent Non-Executive Director*	1 August 2018	7/7	4/4	5/5	4/4
MR. LEE CHIN GUAN *(Re-designated as Non-Independent Non-Executive Director: 8 October 2024)* *(Date of cessation as Director: 27 January 2025)*	8 October 2015	5/7	4/4	5/5	4/4
MS. CHAN KWAI HOE *Independent Non-Executive Director* *(Date of cessation as Director: 30 June 2024)*	1 July 2015	2/2	2/2	2/2	2/2

AC - Audit Committee NRC - Nomination and Remuneration Committee RCSC - Risk, Compliance and Sustainability Committee Chairman

CORPORATE GOVERNANCE OVERVIEW STATEMENT

STRATEGIC PLANNING AND DECISION MAKING

The Board devotes considerable time to evaluating proposed actions, ensuring alignment with the Group's strategic objectives, future trajectory, and commitment to sustainability while considering stakeholder impact. Annual strategy discussions, which encompass both Lonpac's business divisions and the broader Company's vision, enrich the Board's ability to shape strategic and financial plans.

To support informed decision-making, the Board and its Committees receive timely, comprehensive financial, management, and other pertinent information. Detailed board papers are provided to members at least five market days prior to each meeting. Regular updates, including a performance dashboard, key milestones report, and briefings from the CEO and CFO, keep the Board well-informed. Directors also have access to a library of current and historical corporate information to assist with decision-making.

For matters requiring thorough deliberation, the Board engages in discussions across multiple sessions before reaching a decision. In 2024, the Board held seven scheduled meetings, covering the Group's operations, key strategic topics, and other relevant issues. The principal matters addressed in 2024 are set out on pages 116 to 117. In addition to scheduled meetings, the Board convenes ad hoc meeting as required for urgent matters.

Reflecting on the level and quality of engagement in 2024, the Board is satisfied that each Director made an active contribution to discussions, reflecting a commitment aligned with their responsibilities. The attendance of NEDs at all scheduled meetings in 2024 is presented in the table on page 118.

Conflict of Interest

The Directors' Conflict of Interests Policy establishes clear and rigorous standards for Directors to maintain integrity, transparency, and accountability in their roles. Directors, whether executive or non-executive, are required to exercise independent judgment and act in good faith, with the requisite care, skill, and diligence. These fiduciary duties, comparable to those of a trustee, ensure that Directors' actions and decisions align with the Company's interests.

The policy outlines the key fiduciary responsibilities of Directors, including acting in good faith, exercising power appropriately, avoiding conflicts of interest, and maintaining the integrity of financial information. Directors are prohibited from improper use of confidential information, insider trading, and market misconduct. They must not derive personal gain from undisclosed transactions or arrangements and must avoid any conduct that could undermine their obligations to the Company.

Directors are required to disclose any actual or potential conflicts of interest in writing to the Board and the Company Secretary. Such disclosures must detail the nature and extent of the interest and be made promptly upon becoming aware of the conflict. Directors must abstain from participating in discussions or voting on matters where a conflict exists and, where necessary, withdraw from the relevant portion of the meeting. The Company Secretary is responsible for recording these disclosures in the official minutes.

In the performance of their duties, Directors are expected to ensure the establishment of a robust governance framework, allocate sufficient time for deliberation, and base decisions on accurate and comprehensive information. They must avoid undue influence from dominant individuals or significant shareholders and ensure that all key decisions are properly documented. Where external advice is required, Directors must seek it independently of management to maintain objectivity.

The policy also provides mechanisms for addressing undeclared conflicts of interest. Should a Director suspect that another member of the Board has an undeclared conflict, the matter must be raised in writing before the relevant meeting. In the event of persistent, significant, and irreconcilable conflicts, a Director may be required to resign or relinquish the conflicting interest to preserve the integrity of the Board.

Periodic reviews of this policy are conducted to ensure its alignment with regulatory requirements and corporate governance best practices.

BOARD DIVERSITY

The Board is firmly committed to promoting diversity across the Group's businesses in its broadest sense. This commitment encompasses a wide range of factors, including perspectives, skills, knowledge, experience, education, gender, social backgrounds, cognitive and personal strengths, and other relevant attributes.

In considering director appointments, a key priority is to sustain a diverse Board. While the overarching policy focuses on selecting the most qualified individuals based on merit and objective criteria, the Board recognises the value of diversity and takes this into account in its evaluation of potential candidates. However, the primary objective in new appointments remains to ensure the strength and effectiveness of the Board's composition.

The overarching aim is to select and recommend the most suitable candidate for each position, mindful of the diverse array of stakeholders with whom LPI interacts. Concurrently, the Board seeks to ensure that its members bring a broad spectrum of perspectives, insights, and constructive challenges necessary for sound decision-making. Extending this approach to the broader workforce, LPI is committed to treating all individuals with fairness and respect, embracing diversity, and fostering an inclusive and supportive work environment for all employees.

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NOMINATION AND REMUNERATION COMMITTEE

The NRC serves a dual role in supporting the Board by advising on the composition and structure of the Board. The Committee is also responsible for conducting regular reviews of the Board's structure and identifying prospective candidates for Director appointments as required.

BOARD INDEPENDENCE

The Board has established a policy that limits the tenure of Independent Directors to a maximum of nine years. Each year, the independence of every NED undergoes a comprehensive review, assessing factors such as their independence of character and judgement, alongside any relationships or circumstances that may influence, or appear to influence, their objectivity. At each Board meeting, Directors have opportunity to declare any interests, and those with declared interests abstain from discussions and decisions related to those matters.

On the recommendation of the NRC, the Board affirms that all NEDs meet the required fit and proper standards, including the criteria of independence for Independent Directors.

NRC ACTIVITIES IN YEAR 2024

The NRC had undertaken the following responsibilities in accordance with its terms of reference during the year under review:

- Facilitate annual assessment and review the performance of individual Directors, effectiveness of the Board as a whole and various Board Committees and satisfy that the individual Directors, the Board and the various Board Committees have discharged their duties effectively according to the Board Charter and respective Board Committees' terms of reference.
- Facilitate the Board on the annual review of the overall composition of the Board and Board Committees and satisfy that the Board is optimum and that there is appropriate mix of diversity (including gender), knowledge, skills, experience, expertise, attributes and core competencies in the Board's composition.
- Conduct assessment on Directors who are subject to re-election by rotation pursuant to Companies Act, 2016 and recommend to the Board for approval.
- Perform annual assessment on Directors, Executive Director/ CEO to ensure that they fulfilled fit and proper requirements as stated in the Company's Fit and Proper Policy for Key Responsible Persons and Company Secretary.
- Perform annual assessment on Company Secretary to ensure that she fulfilled requirements as stated in the Company's Fit and Proper Policy for Key Responsible Persons and Company Secretary.
- Conduct annual assessment on Independent Directors.
- Review Directors' Training Development Plan.
- Review the term of office and performance of the Audit Committee and each of its members for re-appointment in year 2025.
- Review and recommend the renewal of employment contract of the Executive Director/ CEO.
- Review and recommend the proposed remuneration for Directors, Executive Director/ CEO, Management who are Key Responsible Persons and Company Secretary to the Board for approval.
- Assist the Board in assessing the training needs of the Directors and review the trainings attended by the Directors during the year.
- Review the composition and size of the Board for Board refreshment.
- Deliberate the proposed appointment of an external consultant for Board Evaluation Exercise of the Group for 2024 and recommend to the Board for approval.
- Review the assessment report of Board Evaluation Exercise 2024 on the assessment of the full Board, Board Committees, individual Directors and Independent Directors.

NRC PRIORITIES FOR 2025

- Facilitate annual assessment and review the performance of individual Directors, effectiveness of the Board as a whole and various Board Committees.
- Facilitate the Board on the annual review of the overall composition of the Board and Board Committees.
- Conduct assessment on Directors who are subject to re-election by rotation pursuant to Companies Act, 2016 and recommend to the Board for approval.
- Perform annual assessment on Directors, Executive Director/ CEO, Management who are Key Responsible Persons and Company Secretary to ensure that they fulfilled fit and proper requirements as stated in the Fit and Proper Policy for Key Responsible Persons and Company Secretary.
- Conduct annual assessment on Independent Directors for recommendation to the Board.
- Review Directors' Training Development Plan.
- Assist the Board in assessing the training needs of the Directors and review the trainings attended by the Directors during the year.
- Review the term of office and performance of the Audit Committee and each of its members for re-appointment in year 2026.
- Review and recommend the renewal of employment contract of the Executive Director/ CEO.
- Review and recommend the proposed remuneration for Directors, Executive Director/ CEO, Management who are Key Responsible Persons and Company Secretary to the Board for approval.

SUCCESSION PLANNING

The Board prioritises succession planning, and the NRC continues to refine its processes to strengthen focus in this area. A Board Succession Plan Policy has been established, equipping the NRC to proactively identify suitable candidates well in advance, ensuring readiness for both anticipated retirements and unforeseen Director departures. This policy also entails assessing the competencies, skills, and experience of new Directors to address any identified gaps on the Board.

The Board NRC reviews the proposed appointment of key responsible persons ("KRPs") recommended by the CEO. The development of KRPs within the Group is closely monitored, ensuring a strong pipeline of KRPs and potential future Executive Directors equipped with the requisite skills and experience. The Committee has reviewed development plans tailored to prepare successors for KRPs roles, underscoring a commitment to internal talent development and a robust pipeline of potential future leaders.

Further, the NRC has considered initiatives to enhance, diversify, and strengthen the talent pipeline across the wider Group, with Committee members remaining actively engaged in various initiatives to support these goals.

APPOINTMENT AND RE-ELECTION

The NRC maintains a formal and transparent nomination process for Board appointments, governed by a policy that outlines specific procedures.

Key aspects of the policy include:

- In the event of a Board vacancy or the need for an additional appointment, the Board evaluates candidates to achieve and sustain a diverse composition aligned with the required skills, expertise, experience, and background for the position.
- The Board assesses the availability of suitable candidates, considering their development potential.
- Additionally, the Board takes into account any further requirements to ensure an optimal balance of skills and experience across the Board and its Committees, with the primary aim of advancing the interests of the Company and its stakeholders.

Upon receiving the NRC's recommendations, the Board considers the nomination of new Directors for appointment or the re-election of existing Directors. Directors do not have a fixed term; however, as per the Company's Constitution, one-third of the Directors must retire annually at the Annual General Meeting ("AGM"), with all Directors subject to retirement by rotation at least once every three years, while remaining eligible for re-election. Details of Directors standing for re-election at the upcoming AGM are provided in the Company's AGM notice.

For the subsidiary, Lonpac, Director appointments and renewals are subject to approval from BNM. Any new Director appointed by the Board during the year must retire at the next AGM and stand for election by shareholders.

At the AGM, shareholders vote on a single resolution for the appointment of each Director. The formalisation of NED appointments is completed through a letter of appointment between the Company and the NED.

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INDUCTION AND TRAINING

A commitment to supporting the ongoing development of all employees is integral to LPI's culture. The Board fully endorses this commitment and remains dedicated to its own continuous professional development. In 2024, Directors participated in training sessions on key topics, including corporate governance, sustainability, compliance, risk management and technology development.

To stay informed on strategically significant matters, the Board also receives regular briefings on developments across a range of important areas.

All newly appointed Directors undergo a structured and bespoke induction programme, which includes an overview of the current financial and operational plan, access to recent Board and Committees meeting packs and minutes, insights into stakeholder engagement, organisational structure, a history of the Group, role profiles, and all relevant policies and governance materials. The induction programme also provides opportunities to meet with key senior management and the internal auditors.

Any skills or knowledge enhancements identified during the Directors' regulatory application process are also addressed within this induction programme, ensuring a comprehensive onboarding experience.

BOARD AND COMMITTEES EFFECTIVENESS

The effectiveness of the Board is essential to the success of the Group. To ensure this, the Board undertakes a rigorous annual evaluation to assess the performance of the Board as a whole, its Committees, and individual Directors.

In 2024, the Board engaged an external consultant to conduct its Board Evaluation Exercise ("BEE"). This evaluation involved an interview session with the external consultant and questionnaire completed by all Directors, with the results presented and discussed at the Board meeting in October 2024.

The evaluation also examined the composition of the Board and the effectiveness of each of its Committees. The current composition was rated highly, with the Board noted to be well-balanced and comprising a diverse range of skills and experience. The Committee structure was also regarded as effective, with all Committees operating well.

The Board and Committees Effectiveness Process

1. Each Director attended interview session conducted by the external consultant and completed BEE questionnaire.
2. Summary of the assessment report on BEE 2024 forwarded to the NRC for annual assessment.
3. The NRC to review:
   - Summary of the BEE assessment report which included assessment on individual Directors, Board and Board Committees, Fit and Proper assessment and independence assessment on Independent Directors.
   - Assessment on the Board as a whole and each Board Committee by benchmarking the activities carried out by the Board and respective Board Committees against the Board Charter and the terms of reference of each Board Committee.
4. The NRC to collate the results of the assessments and submit to the Board for deliberation and approval.

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Board Evaluation Results for FY2024

Overall Board Performance	
Assessment Areas	**FY24 Rating**
1 Effectiveness in Leading Strategy	3.7/4
2 Leadership and Culture	3.8/4
3 Composition	3.8/4
4 Responsibilities	3.8/4
5 Committees	3.8/4
6 Administration and Operations	3.8/4

Individual Directors Performance	
Assessment Areas	**FY24 Rating**
1 Independence	3.9/4
2 Contribution and Commitment	3.7/4
3 Competency, Skills and Expertise	3.7/4

Rating scale: 1 Below expectations | 2 Needs improvement | 3 Satisfactory | 4 Strong

The BEE for FY2024 by the external consultant concluded that:

i. Results indicate a strong Board, leadership and composition;

ii. Board provides effective oversight with clear group operating model;

iii. Board leadership and culture promotes open discussions and healthy debate;

iv. Board composition is strong and well-rounded;

v. Board responsibilities for critical areas have been effectively discharged;

vi. Board Committees provide strong support to the Board; and

vii. Board administration and operations well-managed by capable Company Secretary.

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REMUNERATING FAIRLY

The NRC conducts an annual review of Directors' remuneration, providing recommendations to the Board. These recommendations cover specific adjustments and rewards, reflecting each Director's contributions over the year. They are designed to remain competitive and aligned with the Group's corporate objectives, culture, and strategy.

The NRC and the Board work together to ensure the remuneration policy for Directors is sufficiently competitive to attract and retain individuals of the highest calibre. This approach is essential to securing Directors with the necessary skills and experience, aligning remuneration with the responsibilities essential for an effective Board.

For employees, the remuneration philosophy and strategy are closely aligned with the long-term interests of the Group, its business strategy, and overall performance. The remuneration framework is structured to promote sound and effective risk management, aligned with the Group's risk profile. The NRC upholds consistent remuneration principles that are applied across the entire Group.

BUSINESS FOCUSED	PRUDENT	PERFORMANCE DRIVEN	FAIR	TRANSPARENT
Remunerations must be relevant and aligned towards the achievement of the Group's business results.	The remuneration structure and quantum must reinforce the importance of sustainability, encourage ethical behaviours and sound risk management, as opposed to short-term view on remuneration without consideration of consequences.	The performance assessor must have adequate quantitative and qualitative measurements of performance before practicable and measurable recommendation on remuneration is made.	There must be no discrimination, biased treatment or any form of exploitation. Proper, fair and logical justification must ensue.	Employees should understand the expectations set out and seek for clarification where necessary.

FOR DIRECTORS

- **Salaries for the Executive Director**
  Salaries payable to the Executive Director do not include any commission or percentage of turnover. The remuneration package is designed to balance fixed and performance-linked components, with the relative weight of these elements varying based on the role's level of responsibility, complexity, and standard market practices. The Executive Director's remuneration is set competitively in line with similar roles within comparable markets, ensuring the ability to attract and retain high-calibre senior executives. Individual pay levels are reflective of the Executive Director's performance, skills, experience, and responsibilities, with the structure aimed at linking both short- and long-term rewards to corporate and individual achievements.

- **Fees for Non-Executive Directors**
  NED fees are fixed and not linked to any commission on or percentage of profits or turnover. Remuneration considers the qualifications, experience, and competencies of the NEDs, as well as their responsibilities, time commitments, and performance evaluation by the NRC. In this regard, the Chairman of the Board receives a higher fee in recognition of the additional responsibilities inherent to the role.

- **Periodic Benchmarking**
  The Company periodically undertakes benchmarking exercises to evaluate the competitiveness of its remuneration packages relative to other companies. Such comparisons are used judiciously to mitigate any risk of an automatic increase in remuneration levels without a corresponding enhancement in corporate and individual performance, ensuring that remuneration remains aligned with necessary requirements and avoids excess.

FOR EMPLOYEES

The Group's remuneration framework comprises mandatory fixed and variable components, continuously monitored to ensure alignment with the Group's objectives, local employment market dynamics, and industry standards. Currently, the structure includes four core elements: a fixed salary, fixed benefits, a variable performance bonus, and a variable deferred extraordinary bonus. This structure is crafted to provide a strategic balance in remuneration, reflecting the Group's objectives while remaining responsive to current market conditions and industry benchmarks.

ACCOUNTABILITY

Risk Management and Internal Control

The Group upholds a comprehensive framework of risk management and internal control to ensure continual process of managing significant risks related to the achievement of the Group's business objective and sustainability of the Group. A robust financial reporting system is in place, equipping the Board for effective oversight. This includes the preparation of management accounts, analysis of forecast variances, and additional ad hoc reporting. Defined authority limits are established across the Group, with certain matters reserved for Board's review and approval.

The Board has implemented an ongoing process to identify, assess, and manage significant risks to the Group. This process includes defining the nature and level of risk the organisation is prepared to accept in pursuit of its strategic objectives. Regular reviews ensure continuous monitoring of the process's effectiveness, spanning from the start of the year through to the report approval date.

The Board is responsible for the Group's internal control processes and evaluating its effectiveness. While the processes aim to manage, not eliminate, the risk of failure in achieving business objectives, it provides reasonable, though not absolute, assurance against material misstatement.

The Board's evaluation covers all control areas, including financial, operational, compliance, and risk management controls. Monitoring relies primarily on Management reports, assessing the identification, evaluation, management, and control of significant risks, with prompt action taken on any identified weaknesses. The Audit Committee and the Risk, Compliance, and Sustainability Committee support the Board in fulfilling its review obligations.

A formal risk identification and assessment exercise has been conducted, resulting in a risk register that outlines key risks, potential impacts, and mitigation strategies. The principal risks faced by the Group are detailed on page 52 of this report. The Board maintains a policy to review this risk management and internal control framework at least annually or in response to any material changes including climate-related risks and opportunities.

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AUDIT COMMITTEE REPORT

Composition of the Audit Committee

The Audit Committee, established by the Board, is composed of three Independent Non-Executive Directors and a Non-Independent Non-Executive Director. The Chairman of the Audit Committee, appointed by the Board, is an Independent Non-Executive Director who is not the Chairman of the Board. The Committee members possess relevant accounting expertise and extensive experience in the financial services industry, ensuring effective oversight in financial matters.

Attendance of Meetings

The Audit Committee convened four times during the year, with meetings attended by the Chief Internal Auditor ("CIA"), the CEO, and select members of Management. The Audit Committee's role is to ensure that recommendations from internal and external auditors, as well as regulators, are addressed and actioned promptly.

In fulfilling its duties, the Audit Committee met with the external auditors independently, without the presence of any executive Board members or management staff, on 30 January 2024.

The detailed terms of reference of the Audit Committee is available at www.lpicapital.com

Summary of Activities

During the year, the Audit Committees of the Group carried out the following activities:

FINANCIAL REPORTING

- Reviewed the annual audited financial statements of the Company/ Group and quarterly results of the Group, and thereafter, recommended them to the Board for approval.
- Reviewed the disclosures in the Company's Integrated Annual Report and recommended them to the Board for approval.
- Reviewed the press release statements on the Group's performance and recommended them to the Board for approval.
- Reviewed the documents for submission to BNM pursuant to Section 51(1) of the Financial Services Act 2013 on the declaration and payment of dividends, and thereafter, recommended them to the Board for approval.
- Reviewed the documents for solvency test on the declaration and payment of dividends, as required by Section 132 of the Companies Act 2016.

In reviewing the annual audited financial statements of the Company/ Group, the Audit Committees discussed with the Management and the external auditors the accounting principles and standards that were applied and their opinion on the items that may affect the financial statements.

INTERNAL AUDIT

- Reviewed the results of the Group's internal audit procedures and the adequacy of actions taken by the Management based on the internal audit reports. Where appropriate, the Audit Committees had directed the Management to rectify and improve controls and operational workflow based on internal auditors' recommendations.
- Reviewed the Reports Arising from the Follow-up Review of each audit to ensure that all control lapses had been addressed.
- Reviewed the Reports on Quarterly Review of Cyber Risk Management Effectiveness, Cyber Security and Cyber Resilience pursuant to Cyber Resilience Maturity Assessment ("CRMA") Report 2021 – 2022 issued by BNM.
- Reviewed the Report on Annual Review of Application Development Managed by Vendor/ Third Party Service Provider pursuant to CRMA Report 2021 – 2022 issued by BNM.
- Reviewed the Internal Audit Reports on the Observation of Business Continuity Plan ("BCP") and Disaster Recovery Plan ("DRP") testings pursuant to the Guidelines on Business Continuity Management (Revised) ("BCM") issued by BNM.
- Reviewed the Internal Audit Reports on the Review of BCP and DRP Post-Test Analysis Reports pursuant to the Guidelines on BCM.
- Reviewed the Internal Audit Reports on Observation of Call Diversion Testing.
- Reviewed the Report on Review of BCM pursuant to the Guidelines on BCM.
- Reviewed the Internal Audit Report on Review of Stress Test Policy pursuant to the Policy Document on Stress Testing issued by BNM.
- Reviewed the Report on Review of Internal Capital Adequacy Assessment Process ("ICAAP") in accordance with the Guidelines on ICAAP for Insurers issued by BNM.
- Reviewed the Report on the Review of Actuarial Valuation Process.

INTERNAL AUDIT (CON'T)

- Reviewed the Report on Assessment of Outsourcing Arrangement for Singapore branch.
- Deliberated on the Internal Audit Report on Review of Data Management and Management Information System ("MIS") Framework pursuant to Guidelines on Data Management and MIS Framework issued by BNM.
- Reviewed the Statement of Assurance on Sustainability Statement pursuant to Paragraph 6.2(e) of Practice Note 9 of Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- Reviewed and approved the Internal Audit Plans 2025.
- Reviewed the revised Internal Audit Charter.
- Noted the letter from BNM on the 2023 Composite Risk Rating of the subsidiary company.
- Noted the Conclusion Report on Audit Findings.
- Noted the Report on Internal Audit Function.
- Noted the resignation of Internal Audit staff.
- Reviewed and assessed the performance and contributions by the CIA for the financial year ended 31 December 2024.

The Audit Committees acknowledged that the internal control system of LPI Group, which was enforced throughout the financial year up to the date of this report, provided reasonable although not absolute assurance against material financial misstatements or losses. The internal controls were also deemed sufficient in ensuring the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of financial risks.

The Audit Committees arrived at these conclusions as there was no evidence that there had been any shortcomings in the aforementioned processes. Nevertheless, the Audit Committees noted that the internal control system cannot provide absolute assurance against the occurrence of material errors, poor judgements in decision making, human errors, losses, frauds or other irregularities.

EXTERNAL AUDIT

- Reviewed the following with the external auditors:
  - their audit plan, audit strategy and scope of audits of the Company/ Group for the year;
  - their evaluation on the system of internal controls of the Company/ Group; and
  - the results of the annual audit and the auditors' report to the shareholders.
- Reviewed the Non-Assurance Services Pre-Approval Policies and recommended them to the Board for approval, in accordance with the revised Malaysian Institute of Accountants By-Laws/ International Ethics Standards Board for Accountants Code.
- Discussed the letters of engagement from the external auditors and recommended them to the Board for approval.
- Reviewed and assessed the suitability, objectivity and independence of the external auditors and recommended them to the Board for re-appointment.
- Deliberated on the proposed audit fees for the Company/ Group and recommended them to the Board for approval.
- Assessed the independence, suitability and objectivity of the external auditors and thereafter approved the provision of the non-audit services by the external auditors.
- Reviewed the appropriateness and approved the proposed non-audit fees for the Company/ Group.
- Reviewed the draft Limited Assurance Report of the external auditors to the Board on the Statement on Risk Management and Internal Control.
- Reviewed the draft Representation Letters to external auditors and recommended them to the Board for approval.
- Met with the external auditors without any executive Board members and management staff present.
- Noted the external auditors' Transparency Report for the financial year ended 31 December 2023.

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RELATED PARTY TRANSACTIONS

- The Audit Committees reviewed the related party transactions and possible conflict of interest situations that may arise within LPI Group in accordance with the Corporate Governance Guide: Rise Together (4th Edition) issued by Bursa Malaysia Berhad, and thereafter recommended the same to the Board for noting. During this annual review, the Audit Committees deliberated on the key issues pertaining to the related party transactions as recommended in Appendix III – Pull-Out II of the Corporate Governance Guide: Rise Together (4th Edition).
- The Audit Committees concurred with the Management's recommendation that the related party transactions were carried out on normal commercial terms, and not prejudicial to the interests of the Group or its minority shareholders.

Internal Audit Function

The Audit Committees are supported by an independent Internal Audit function, essential to their discharge of duties and responsibilities. The Internal Audit function forms a key part of the Group's assurance framework, providing assurance on the adequacy and effectiveness of the Group's risk management, control, and governance framework. Its primary role is to deliver independent, objective assurance and consulting services, adding value to and enhancing the Group's operations. Through audits of key operations, it ensures consistency in the control environment and adherence to established policies, procedures, regulations, guidelines, directives, and laws.

To preserve the independence and objectivity of the Internal Audit function, the CIA reports directly to the Audit Committees. The CIA has the authority to communicate directly with the Board, Chairman of the Board, regulators, and external auditors, as appropriate. The Internal Audit Charter, defining the mission, objectives, independence, authority, objectivity, resources, and scope of work of the Internal Audit function, is approved by the Board and disseminated throughout the organisation. This Charter undergoes review every three years.

The Internal Audit function operates according to annual audit plans, reviewed and approved by the Audit Committees. These plans encompass evaluations of operational controls, risk management, compliance with policies, procedures, laws, and regulations, asset quality, management efficiency, and the effectiveness of computer application systems and telecommunications networks. The Audit Committees regularly assess the scope, functions, competency, and resources of the Internal Audit function to confirm it is appropriately staffed with skilled internal auditors.

In accordance with BNM's Guidelines on Internal Audit Function for Licensed Institutions, Lonpac's Audit Committee has approved a formal and transparent evaluation process for the Internal Audit function, conducted every two years. A risk-based audit approach is employed, whereby higher-risk areas are audited more frequently. This approach aims to strengthen the Group's risk management, control, and governance processes, supporting Management in achieving its corporate objectives. The audits also ensure that controls are in place and operating effectively, and that risk exposures are managed to acceptable levels under the Group's risk management policy.

Throughout the year, multiple internal audit engagements were undertaken in line with the annual audit plans, aligning with the Group's strategic objectives. The Internal Audit function assessed the adequacy and effectiveness of critical controls in response to risks across the Group's governance, operations, and information systems. The key areas evaluated included the following:

- Relevancy, reliability, integrity, accuracy, completeness and timeliness of financial and operational information;
- Adequacy of controls to safeguard the Group's assets;
- Adequacy and effectiveness of the system of internal controls;
- Compliance with policies, procedures, rules, regulations, guidelines, directives and laws;
- Integrity of risks measurement, adequacy of control and reporting systems and compliance with approved risk management policies and procedures;
- Nature of the related party transactions and conflict of interest situation that could raise questions of management integrity;
- Adequacy and effectiveness of the Group's system in assessing its capital in relation to its estimate of risks;
- Effectiveness of Information System ("IS") in supporting the business activities and the adequacy of controls over IS management, systems development and programming, computer operations and security and data integrity;
- Quality and effectiveness of the stress test policy;
- Level of commitment to BCM, and overall preparedness against the Group's BCM policies and regulatory requirements;
- Cyber risk management effectiveness, cyber security and cyber resilience;
- Adequacy of processes and controls on application development managed by vendor/ third party service provider;
- Integrity and accuracy of the Company's Sustainability Statement for inclusion in the Integrated Annual Report;
- Adequacy and effectiveness of BCP and DRP testings;
- Risk management and capital management processes relating to ICAAP;
- Adequacy and effectiveness of the actuarial valuation process; and
- Adequacy of Data Management and MIS Framework and effectiveness of controls to mitigate the risks inherent in the data management and MIS environment.

The Executive Summary of each Internal Audit report was reviewed by the Audit Committees, and Management promptly acted on the recommendations provided. Follow-up reviews were conducted and reported back to the Audit Committees to ensure all issues raised in each audit were appropriately and promptly addressed by the respective auditee or Management. Prior to the implementation of new information technology projects, the Internal Audit function assumed a consultative role, assessing risk exposures and advising on necessary controls to mitigate identified risks. To preserve its objectivity and independence, however, the Internal Audit function does not participate in system selection or implementation.

The Internal Audit function collaborated closely with the Enterprise Risk Management team to review and evaluate the adequacy and effectiveness of risk management processes across the LPI Group. All internal audit activities were conducted in-house.

The Audit Committees recognise the importance of providing continuous and adequate training to Internal Audit staff, enhancing their competencies and skill sets to effectively fulfil their roles and meet future challenges. During the year, Internal Audit staff attended various training programmes, ensuring they remain informed of developments in the insurance industry, regulatory requirements, and governance best practices.

The total expenditure for managing the Internal Audit function within the Group for 2024 was RM4.1 million.

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EFFECTIVE COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of maintaining transparent communication with a diverse group of stakeholders. Through direct and indirect channels, the Board actively engages with the Group's key stakeholders to understand their interests and integrate these insights into its decision-making processes. This engagement includes regular dialogues with shareholders and ongoing communication with employees.

Further information on LPI's key stakeholders, their areas of interest, and the Company's corresponding responses is provided below:

Stakeholders	How We Engage	Key Topics and Concerns	Our Responses	Value Created
Shareholders/ Investors/ Media	• General Meetings ("GM") • Investors and analysts meetings • Results announcements • Corporate website • Integrated Annual Report • Correspondence via emails	• Financial management • Sustainability practices • Business strategy & long term growth • Governance practice	• Continue to update through quarterly announcement, meetings/ tele-conference with analysts and GM • Develop and implement robust strategies providing clear business direction	• Sustainable returns • Promote transparent practices • Long-term growth and stability • Enhance brand positioning
Employees	• Employee Satisfaction Survey (Annually) • Announcements/ updates via email • Rewards and recognition • Diversity and inclusion • Talent acquisition and retention • Health and well-being • Flexible working hours • Sharing of Group's vision and mission • Training and development • Teambuilding activities	• Employees feedback and sharing • Group's policies and procedures changes • Fair and competitive remuneration scheme • Fair, diverse and inclusion culture • Attract and retain employees • Fit and healthy workplace • Balanced working hours • Group's directions, growth and performance • To expand employees' abilities, minimise skill gaps and learn new skills to adapt to changing business needs • Communication, Company culture, collaboration, decision-making and problem-solving skills	• Encourage open communication to express opinions and concerns • Regular review/updating of internal policies and procedures • Periodic review on remuneration scheme/ policies • Accept and tolerate differences of all employees in supporting the diverse background • Continuous career growth opportunities and competitive remuneration • Regular health talks and review of corporate health screening packages • Flexi-time range arrangement • Conduct quarterly and well-structured meetings • Offer employees continuous learning and development opportunities • Organise teambuilding activities for employees from head office and branches	• Improved employee experience and overall satisfaction level • Well-informed employees • Low turnover and high productivity • Well balanced composition of diverse backgrounds and experiences • High productivity and inspired employees • Improved physical and mental health • Work-life balance • Continuous improvement and growth • Enhance employees' performance and productivity while helping them navigate change • Improved communication and morale amongst employees, foster positive and supportive work environment
Government/ Local Authorities/ Regulators	• Supervisory dialogues • Adhoc consultation • Supervisory Audit	• Phased liberalisation • Climate Change Risk Management • Anti-Bribery • Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Financial Institutions	• Continuous/ ongoing engagement and dialogues with regulators • Regular review/ updating of internal policies & procedures • Compliance trainings for employees on regulatory requirements	• Continuous engagement • Keeping abreast with regulatory development & enforcement • Ensuring regulatory compliance
Customers	• Corporate website • Customer portal • Emailers, notices, announcements • Short Message Service ("SMS") • Tele-servicing/ Marketing	• Policy serving & renewal • Claims servicing • Policy changes/ terms/ conditions • Product promotions • Industry changes	• Periodic (Annually/ Quarterly/ Monthly) • Service level promise compliance • Adhoc, as when necessary/ required	• Customer satisfaction • Promise fulfilment • Loyal returning customers • Informed customers
Intermediaries	• Corporate website • E-Insurance portal • Physical engagement/ servicing • Emailers, circulars, notices • Training • SMS • Tele-servicing	• Company policy • Underwriting policy/ guide/ changes/ amendments • Policy serving/ renewal • Claims servicing • Policy changes/ terms/ conditions • Product promotions • Industry changes	• Periodic (Daily/ Weekly/ Monthly/ Annually) • Service level promise compliance • Adhoc, as when necessary/ required	• Fulfilling career intermediaries • Informed intermediaries • Loyal long serving intermediaries • Technically sound intermediaries
Suppliers & Service Providers	• Planning & forecasting solutions • Suppliers' brand & reputation • Suppliers' competencies, capabilities & experiences • Meetings/ Briefings/ Presentations/ Demonstration • Periodic evaluations to assess quality compliance and reliablity	• Transparency of tender processes • Evaluation of the proposals/quotations • Potential business opportunities • Compliance to procurement Standard Operating Procedure • Developing collaborative and mutually beneficial relationships with existing and potential suppliers • Ensuring consistent quality of goods/services provided • Balancing affordability without compromising on standards • Adhering to regulations and Company's policies	• Review of the Suppliers' proposals/quotations • Regular review, setting up measurement • Develop Service Level Agreement • Establish clear expectations and foster strong relationships to ensure a smooth collaboration with Suppliers and Vendors • Make timely assessments and take clear action with information presented • Optimising contracts to achieve cost savings • Identifying alternative suppliers/service providers when necessary	• Cost-effective • Energy efficiency • Implement activities, including strategic and accountable responses • Improved vendor standards enhance the Company's deliverables
Community	• Charity events • Sponsorships • Direct outreach • Long-term Corporate Social Responsibility ("CSR") partnerships	• Financial sustainability of Non-Governmental Organisations ("NGO") focused on social welfare and physical health • Overall community wellbeing especially of the less-privileged in society • Improving awareness of the importance of environmental conservation	• Regular charitable events designed to raise funds for NGO • Employee participation in community-focused CSR events • Sponsorship of sporting and educational events	• Long-term sustainability of the Company's NGO • Uplifting the lives of the less-privileged in society • Ensure the sustainability of sporting events • Improve educational levels • Enhance environmental conservation awareness

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTEGRATED ANNUAL REPORT

The Group's Integrated Annual Report serves as an essential communication channel with stakeholders. Its contents are aligned with the Main Market Listing Requirements of Bursa Securities and adhere to other regulatory standards governing annual reports. The detailed disclosures required by Bursa Securities, particularly for quarterly results announcements, contribute to elevating the Group's transparency standards.

To facilitate easy access to critical information, the Group provides an executive summary of the Integrated Annual Report, featuring key financial and corporate highlights along with an analysis of the statements of financial position and profit or loss. The report is promptly distributed to shareholders, both in print and electronically, upon publication, reflecting the Group's commitment to transparent and accessible communication with its shareholders.

GENERAL MEETING

The Company's General Meetings provide an important forum for communication and engagement with shareholders, who are actively encouraged to attend and participate. Shareholders are given ample opportunity to raise questions, seek clarifications on agenda items, and discuss the performance of the Company and the Group. Additionally, shareholders can communicate with the Board at any time via the Company Secretary at lpicosec@lonpac.com.

Directors, including the Executive Director/ CEO, attend General Meetings to address all shareholder inquiries, providing clarification on issues raised. Suggestions received during the meeting are reviewed and considered for implementation where feasible.

The 63rd AGM was convened as a virtual meeting, with the Notice of the 63rd AGM dated 29 February 2024, providing at least 28 days' notice for holding the meeting on 5 April 2024. Shareholders were given sufficient notice to review the Group's financial results and evaluate the resolutions tabled at the general meeting.

During the virtual AGM, the Executive Director/ CEO of the LPI Group presented a brief review of the Group's financial performance.

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in the notice of any general meeting shall be put to vote by poll. The electronic polling processes are managed by the Company's Share Registrar as Poll Administrator and Independent Scrutineers are appointed to verify and validate the results of the poll at the 63rd AGM.

Shareholders who attended the virtual AGM actively participated in the voting of resolutions; hence, the Company obtained a high voting approval rate on all resolutions tabled. A summary of the proceedings of the annual general meeting was made available on the corporate website of the Company.

WEBSITE

The Company's official website, www.lpicapital.com, functions as a user-friendly and comprehensive platform, providing key information on both the Company and the Group. The site includes a variety of resources, such as corporate details, profiles of Directors and Management, policies and procedures, share price and dividend information, financial results, the financial calendar, annual reports or integrated annual reports, and announcements to Bursa Securities. This online platform facilitates easy access to essential information for stakeholders, reinforcing the Company's commitment to transparent and accessible communication.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ANNOUNCEMENT OF CONSOLIDATED RESULTS

29 April 2024 (Monday)	21 August 2024 (Wednesday)	29 October 2024 (Tuesday)	14 February 2025 (Friday)
Announcement date: Unaudited results for the 1st quarter ended 31 March 2024	*Announcement date:* Unaudited results for the 2nd quarter ended 30 June 2024	*Announcement date:* Unaudited results for the 3rd quarter ended 30 September 2024	*Announcement date:* Audited results for the 4th quarter and financial year ended 31 December 2024

DIVIDENDS

21 August 2024 (Wednesday)	5 September 2024 (Thursday)	13 September 2024 (Friday)
Notice date:	*Entitlement date:*	*Interim dividend payment date:*

First interim single tier dividend of 30 sen per ordinary share

14 February 2025 (Friday)	14 March 2025 (Friday)	25 March 2025 (Tuesday)
Notice date:	*Entitlement date:*	*Interim dividend payment date:*

Second interim single tier dividend of 50 sen per ordinary share

ANNUAL GENERAL MEETING

28 February 2025 (Friday)	29 April 2025 (Tuesday)
Notice of 64th Annual General Meeting	64th Annual General Meeting

BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There was no corporate proposal during the financial year ended 31 December 2024.

Disclosed in accordance with Appendix 9C, Part A, item 13 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

AUDIT AND NON-AUDIT FEES

The details of the audit, regulatory related and non-audit fees paid/ payable in 2024 to the external auditors and its affiliates are set out below:

	Company RM'000	Group RM'000
Fees Paid/ Payable to Messrs KPMG PLT ("KPMG") and Its Affiliates		
• **Audit services**		
- KPMG	105	615
- Overseas affiliates of KPMG	-	560
• **Regulatory related services**		
- KPMG[1]	-	110
• **Non-audit services**		
- KPMG[2]	5	5
- Local affiliates of KPMG[3]	9	45
- Overseas affiliates of KPMG[4]	-	31
Total	119	1,366

1 The regulatory related services fees paid/ payable to KPMG were for the limited review on the subsidiary company interim financial statements for 6 months ended 30 June 2024 and other services.
2 The non-audit services fees paid/ payable to KPMG were for the review of Statement on Risk Management and Internal Control.
3 The non-audit services fees paid/ payable to local affiliates of KPMG were for advice on taxation matters and for preparation, review and submission of tax returns.
4 The non-audit services fees paid/ payable to overseas affiliates of KPMG were for advice on taxation matters and for preparation, review and submission of tax returns.

The provision of the non-audit services by the external auditors to LPI Group did not compromise their independence and objectivity.

Disclosed in accordance with Appendix 9C, Part A, item 18 of the Listing Requirements of Bursa Securities.

MATERIAL CONTRACTS

There were no material contracts entered into by the LPI Group involving directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2024 or entered into since the end of the previous financial year.

Disclosed in accordance with Appendix 9C, Part A, item 21 of the Listing Requirements of Bursa Securities.

RECURRENT RELATED PARTY TRANSACTIONS

LPI did not seek any mandate from its shareholders as required under Paragraph 10.09(2)(b), Part E of Chapter 10 of the Listing Requirements of Bursa Securities as the recurrent related party transactions of a revenue or trading nature entered into by LPI Group qualified as exempted transactions as defined under Paragraph 10.08(11)(e), Part E of Chapter 10 of the Listing Requirements of Bursa Securities.

Disclosed in accordance with Paragraph 10.09(2)(b), Part E of Chapter 10 of the Listing Requirements of Bursa Securities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") recognises the importance of a sound risk management and internal control framework to safeguard shareholders' investment and assets of LPI Capital Bhd ("LPI") and its wholly owned subsidiary, Lonpac Insurance Bhd ("Lonpac"), collectively known as the Group.

The Board's Statement on Risk Management and Internal Control outlines the nature and scope of risk management and internal control of the Group during the year.

BOARD RESPONSIBILITIES

The Board affirms its overall responsibility for the adequacy and effectiveness of the Group's Risk Management and Internal Control Framework. This includes reviewing the adequacy and integrity of strategic, insurance, financial, operational, legal and compliance controls and risk management procedures. In view of the limitations that are inherent in any system of internal controls, the Board ensures that the Risk Management and Internal Control Framework is designed to manage the Group's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives of the Group. The Board continually reviews the framework to ensure that it provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Following the publication of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Risk Management and Internal Control Guidelines"), the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process which includes enhancing the Risk Management and Internal Control Framework when there are changes in the business environment or regulatory guidelines, is reviewed by the Board and is guided by the Risk Management and Internal Control Guidelines.

The Board is assisted by the Management in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks. The Management has given assurance to the Board that the Group's Risk Management and Internal Control Framework is operating adequately and effectively, in all material aspects.

The Board is of the view that the Risk Management and Internal Control Framework in place for the year under review and up to the date of the issuance of the financial statements, is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The key processes that have been established in reviewing the adequacy and effectiveness of the Risk Management and Internal Control Framework include the following:

Group Risk Management and Internal Control Framework

- The Board Committees, namely LPI's Risk, Compliance and Sustainability Committee ("LPI RCSC"), LPI's Audit Committee ("LPI AC"), Lonpac's Audit Committee ("Lonpac AC"), Lonpac's Risk & Sustainability Committee ("Lonpac RSC"), Lonpac's Technology Committee ("Lonpac TC"), Lonpac's Compliance Committee ("Lonpac CC"), have the responsibility to oversee the overall risk management processes by identifying principal business risks and ensuring appropriate implementation of measures to manage these risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Group Risk Management and Internal Control Framework

- The Group's Risk Management and Internal Control Framework sets out the governing principles for the enterprise risk management and internal control activities of the Group. The objective of the framework is to establish a comprehensive, systematic, disciplined and proactive process, effected top-down from the Board to the Management and the employees across the Group, conforming to the requirements, principles and best practices established by Bank Negara Malaysia ("BNM") and the Malaysian Code on Corporate Governance issued by Securities Commission Malaysia. The framework involves a continual process of identifying, assessing, managing and reporting on the significant strategic, business and process level risks related to the achievement of the Group's business objective, and to maintain an effective internal control environment within the Group. The effectiveness of the framework is assessed at least annually which includes a review of all significant risks by the respective risk owners and to re-assess the overall risk environment of the Group.

- Enterprise risk management is a holistic and structured process, effected top-down, from the Board to the Management and the employees across the Group, that addresses the uncertainties surrounding potential events that may affect the Group by identifying these events and determining appropriate control and monitoring measures. Enterprise risk management aims to align the processes, people, and technology to manage the Group's risks in accordance with its risk appetite and tolerance, so that the Group's values to its stakeholders are sustainable.

- Enterprise risk management aims to minimise unpleasant surprises while enabling a speedier response to secure good opportunities, and the efficient use of capital. The control measures such as timely reporting and transparency of risks across the Group, increase the effectiveness of the Group's operations, and align the Group's risk appetite and tolerance more effectively.

- The Board recognises the importance of effective enterprise risk management in order to achieve a sustainable growth in profitability and strong asset quality that in turn will optimise the Group's value to its shareholders and customers. The Board, with the assistance of the Management, has set out the overall approach of the Group's risk management activities.

- The risk management infrastructure of the Group sets out the accountabilities and responsibilities for the risk management process which underlines the principal risk management and control responsibilities:

Approval of risk management policies, risk appetite and risk tolerance
- LPI Board
- Lonpac Board

Review risk management policies, risk appetite and risk tolerance
- LPI RCSC
- Lonpac RSC
- Lonpac CC
- Lonpac TC

Oversight and assurance
- LPI AC
- Lonpac AC

Implementation of enterprise risk management, sustainability, independent review and compliance
- Enterprise Risk Management & Sustainability Department ("ERMSD")
- Internal Audit Department ("IAD")
- Information Security Department ("ISD")
- Compliance Department ("CD")

Implementation, development and giving feedback on risk management and sustainability policies
- Administration Department
- Actuarial Department
- Branches Strategic Performance Department
- Claims Department
- Distribution Division
- Employees Development Department
- Finance Department
- Human Resource Department
- Information Technology Department
- Legal Department
- Pricing Department
- Product Development Department
- Secretariat Department
- Underwriting Division

Group Risk Management and Internal Control Framework

The Board is responsible for oversight of the Group's Risk Management and Internal Control Framework, risk appetite/risk tolerance, capital management framework and risk management policies.

The Board Committees are supported by the ERMSD, IAD, ISD and CD. ERMSD identifies and communicates the material risks (present and potential) in terms of likelihood of exposures and impact on the Group's business to Lonpac RSC at least on a quarterly basis.

ISD establishes and reviews the implementation of technology risk management and cyber resilience frameworks, monitors conformance, reviews the management of cyber risk, assists individual departments to make technology-based risk management decisions, conduct third-party service providers risk assessment, tracks threat and regulatory landscapes on a regular basis.

The CD ensures the Group is in compliance with applicable regulatory requirements at all times. The CD communicates compliance related issues to Lonpac CC at least on a quarterly basis.

The Board, through the LPI RCSC, Lonpac CC and Management promotes a strong compliance culture in the Group. The Compliance Policy approved by the Board stipulates the requirements to promote safety and soundness in managing and limiting compliance risk in the Group. The Compliance Management Framework approved by the Board provides a structured process of handling compliance issues, which also identifies the duties and responsibilities of each staff to comply with legal and regulatory requirements.

A comprehensive Anti-Bribery and Corruption Policy ("ABC Policy") supports the Group's stand on the adoption of zero-tolerance against all forms of bribery and corruption. The ABC Policy is applicable to board members, employees and any third party acting on the Group's behalf. Vendors and representatives as in third parties acting on behalf are required to acknowledge and submit a declaration on their observance of LPI Group's ABC Policy. To support this, a robust Whistleblowing Policy which is applicable to parties both internally and externally is available on LPI Group's website for all concerned to note and utilise, when required. Clear and independent whistleblowing channels have been introduced for this purpose. The Anti-Fraud Policy supports the facilitation of controls to aid the detection and prevention of fraud in or against the Group.

The CD conducts regular training for staff and authorised representatives as education and awareness on these policies which supports the intention to mitigate any legal or compliance risks in the Group.

The IAD performs independent audits and assessments of the adequacy and reliability of the risk management processes and systems. The audits include an assessment of the effectiveness of the control activities undertaken by the individual departments, the effectiveness of Management's oversight and whether the internal control activities and processes remain comprehensive, robust and have been implemented as intended.

The individual departments are responsible for identifying, mitigating and managing risks within the lines of business and ensuring that the day-to-day business activities are carried out in accordance with established policies, procedures and limits.

The risk management policies are subject to annual review to ensure that they remain relevant and effective in managing the associated risks due to changes in the marketplace and regulatory environments.

- The Group has established a structured approach within its Risk Management and Internal Control Framework which is used to conduct a comprehensive risk assessment of every individual risk identified, with sustainability elements considered, each with its own unique set of characteristics and operational implications.

The Risk Matrix was utilised to identify the short-term and long-term impact and the likelihood of each individual risk as it gives a simple visual summary of the materiality of the risks being analysed. The Risk Matrix helps the Group to determine how best to utilise its resources to manage its risks at an enterprise level.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Group Risk Management and Internal Control Framework

The Risk Matrix is shown as below:

Risk Impact

Risk Impact \ Risk Likelihood	Low	Medium	High
High	Medium Priority	High Priority	High Priority
Medium	Low Priority	Medium Priority	High Priority
Low	Low Priority	Low Priority	Medium Priority

- High Priority = Major Focus
- Medium Priority = Moderate Focus
- Low Priority = Peripheral Focus

Risk Likelihood

The risks that fall under the top right corner of the matrix should be given high priority, that is the Group should direct a significant proportion of its resources to manage these risks. The risks that fall along the diagonal line from top left corner to bottom right corner are considered as medium priority and are managed accordingly. The risks at the bottom left corner are considered as low priority risks but are still monitored with a peripheral focus.

Risk Management and Compliance Function

- The Group is committed to maintaining a strong capital adequacy level in order to maintain its ability to meet the obligations to its policyholders at all times. Finance Department monitors Lonpac's capital adequacy ratio on a monthly basis to ensure it maintains strong capital base at all times.
- The Group places strong emphasis on prudent and profitable underwriting practices in order to achieve a sustainable business. Annual review of claims trends and underwriting guidelines are performed to identify good risks. The Group has capped the proportion of certain lines of business over its total portfolio in line with its risk tolerance for overall exposures. The Group constantly monitors the flood exposure in the country to ensure flood risk is well spread.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management and Compliance Function

- The Group's investment objective is to maximise returns on the resources available while remaining within the confines of the Group's internal prudential guidelines and in compliance with regulatory requirements. In this regard, the Group's investment strategy aims to generate a steady stream of income and capital stability by maintaining a balanced portfolio. Investments in specific asset categories, including fixed income with lower ratings, are capped to avoid high levels of investment volatility. In line with the Group's sustainability targets, the Group has set a target to allocate more than half of the investment portfolio in sustainable assets to reflect its support of the sustainable agenda. In classifying sustainable equity and fixed deposits, the Group adopts the ESG ratings provided by external ESG Rating Agencies, such as MSCI, Sustainalytics and etc.
- The Group strives to ensure that its reinsurers are financially resilient in order to fulfil its contractual obligations in a timely manner. The treaty reinsurers are required to maintain a minimum financial strength rating and are assessed annually. The proportion of exposure to reinsurers with lower ratings over total reinsurance exposure is capped to minimise the credit risk.
- The Group aspires to maximise the conversion of accounts receivables into cash flow and to minimise the writing off of impaired debts. The Credit Control Committee meets monthly to identify any weak and delinquent accounts for early action, if required.
- The Group makes resources available to control technology risks to acceptable levels. Various risk tolerance limits have been established to foster innovation and efficiencies within business practices.
- The Group seeks to hold sufficient provisions for insurance liabilities. Different level of management actions will be established in the event that the loss ratio hits any of the thresholds.
- Risk Report defines a set of risk appetite and risk tolerance approved by the Lonpac Board and complied with the Guidelines on Internal Capital Adequacy Assessment Process ("ICAAP") for Insurers issued by BNM.
- Compliance function is in place to ensure all compliance issues are resolved effectively and expeditiously. CD follows up closely on compliance of regulatory requirements. It helps the Group to manage compliance risk, maintain the good reputation of the Group as well as minimise any potential lawsuits.

Internal Audit Function

- The Internal Audit function is in place to assist LPI AC and Lonpac AC to discharge their functions effectively. The IAD monitors compliance with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance. Audits are carried out on Head Office departments and branches, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of these Head Office departments and branches. The findings of the internal audits are tabled at the LPI AC or Lonpac AC meetings for deliberation and the LPI AC's or Lonpac AC's expectations on the corrective measures will be communicated to the respective heads of departments and branches. The annual Internal Audit Plans are reviewed and approved by the LPI AC and Lonpac AC.
- The LPI AC and Lonpac AC review any internal control issues identified by the IAD, the external auditors, regulatory authorities and Management, and evaluate the adequacy and effectiveness of the risk management and internal control systems. The LPI AC and Lonpac AC also review the internal audit function and quality of internal audits. The minutes of the LPI AC and Lonpac AC meetings are tabled to the Board. Further details of the activities undertaken by the LPI AC and Lonpac AC are set out in the Audit Committee Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Other Key Elements of Risk Management and Internal Control

- An organisational structure with formally defined lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.

- Operating policies and procedures, which incorporate regulatory and internal requirements, are prescribed in the form of circulars to line management in all departments and updated as and when there are changes.

- Operational authority limits imposed on Chief Executive Officer and other key management personnel within the Group in respect of day-to-day operations, covering underwriting on accepting risks, claims settlement, investments, acquisition and disposal of assets.

- Lonpac's treaty reinsurance programme ensures that there is a proper spread of reinsurers. The securities of treaty reinsurers are reviewed on an annual basis by the Lonpac's Reinsurance Security Committee and the Lonpac RSC.

- The Management submits annually a business plan and budget for approval by the Board. The Board reviews monthly management accounts, which are measured against budgets and the previous year's results to gauge performance.

- Financial Condition Report and stress tests are conducted annually on Lonpac's financial position which commensurate with its risk profile and the business environment. The stress tests are used as a risk management tool to identify potential threats to Lonpac's financial health due to exceptional but plausible adverse events and to determine Lonpac's Individual Target Capital Level. The results in the stress test together with the Financial Condition Report are deliberated at the Lonpac RSC meeting and thereafter recommended to the Lonpac Board for approval, before submission to BNM.

- The IAD reviews the stress test policy to provide an independent assessment in ensuring the quality and effectiveness of the stress test policy as required by BNM. The internal audit report on the review of the stress test policy is presented at the Lonpac AC meeting.

- The Own Risk and Solvency Assessment ("ORSA") report is prepared on a yearly basis in accordance with the Monetary Authority of Singapore's guideline. The risk management and the future solvency position for the Singapore branch are deliberated at the Lonpac RSC and the Lonpac Board meetings.

- The Group's quarterly financial reports are released to Bursa Malaysia Securities Berhad after being reviewed by the LPI AC and approved by the LPI Board.

- The Group is committed to ensure that the engagement partners of the Group's external auditors do not serve for a continuous period of more than five (5) years to enhance the quality and independence as well as ensuring objectivity of the audit process.

- Management meetings chaired by the Chief Executive Officer of Lonpac are conducted monthly to review financial performance, business development and to deliberate on management and corporate issues.

- The maintenance of adequate data quality is carried out and internal controls, either in the systems or manually performed, are incorporated to maintain the data quality. The assessment of data accuracy is carried out on a yearly basis by the ERMSD and the assessment report will be tabled at the Lonpac RSC and the Lonpac Board meetings.

- The Investment Committee is responsible for formulating policies, strategies as well as reviewing matters relating to the investment in shares and debt securities.

- The Information Technology Steering Committee is chaired by the Chief Executive Officer of Lonpac. The committee is responsible for establishing effective computerisation plans, authorising information technology related expenditure above predefined limits and monitoring the progress of approved projects.

- Internal control requirements such as system configuration controls, authority limits, underwriting rules and user access controls are embedded in computerised systems.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Other Key Elements of Risk Management and Internal Control

- The Systems and Methods Committee is chaired by the Chief Executive Officer of Lonpac to oversee the control and efficiency of processes.

- The Credit Control Committee is chaired by the Chief Executive Officer of Lonpac. Monthly meetings are conducted with the objective of maximising the conversion of accounts receivables into cash flow and minimising the writing off of impaired debts.

- Corruption Risk Management Framework has been established in view of the application of Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The Corruption Risk Management Framework focuses on identification, assessment, monitoring and reporting procedures, to ensure adequate internal controls are maintained at all times. The ERMSD conducts monthly corruption risk monitoring, covering both insurance and investment operations. An annual corruption risk assessment report is then tabled to the Board for noting and deliberation.

- The Business Resumption Continuity Plan ("BRCP") Committee is chaired by the Chief Executive Officer of Lonpac. The committee is responsible for preparing a BRCP to ensure that the Group suffers minimum interruption to its systems, processes and operations in the event of any significant disasters.

- A Business Continuity & Crisis Management Framework has been established to ascertain that the Group does not suffer any material interruptions to its systems, processes and operations, or material damages to its assets upon the occurrence of any disastrous events. The BRCP for both Malaysia and Singapore operations are tested annually. The BRCP testings are observed by the IAD to provide an independent evaluation of the testing preparation and to highlight any deficiencies noted during the testings. A written assessment report on the BRCP testing is prepared by the IAD for the Lonpac AC's review. The IAD also reviews the Post-Test Analysis Reports prepared by Lonpac as required by the Policy Document on Business Continuity Management ("BCM") issued by BNM.

- On an annual basis, the IAD reviews the level of commitment to BCM and overall preparedness with reference to Lonpac's BCM policies and regulatory requirements. Gaps identified will be documented in the audit report to the Lonpac AC together with the action plans for further improvement by the respective business functions.

- Training and development programmes are conducted to enhance staff competencies and maintain a risk control conscious culture.

- Training sessions for agents are conducted to enhance their competencies and technical knowledge.

- There are proper guidelines within the Group for hiring and termination of staff. Annual performance appraisals are in place to ensure that the staff are competent in carrying out their duties and responsibilities.

- An assessment of the overall remuneration system is conducted annually to ensure that the remuneration system does not jeopardise Lonpac's ability to maintain its capital strength and liquidity at all times. The assessment report will be tabled at the Lonpac RSC and the Lonpac Board meetings.

- The Capital Management Plan ("CMP") sets out thresholds that act as triggers for action. The corrective actions for each threshold are stated and take into account how adverse scenarios are likely to affect Lonpac's risk management activities. The intensity of corrective actions increases with the extent of which threshold level is breached. This ensures that an appropriate level of capital is maintained at all times.

  The objective of the CMP is to optimise the efficient and effective use of resources and capital in order to maximise the return on equity and provide an appropriate level of capital to protect the policyholders. The management of Lonpac's capital is guided by the CMP which is driven by the Group's business strategies and takes into account the business and regulatory environment in which the Group operates in.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Other Key Elements of Risk Management and Internal Control

- The Group's Sustainability Framework has been established to provide principles that govern the management of sustainability within the Group which cover the key activities related to materiality assessment, sustainability blueprints, sustainability-related targets and goals, remuneration and reporting timeframe.
- A Sustainability Council ("SCL") chaired by Group Chief Executive Officer ensures the Group's policies and operations are in line with the sustainability-related targets and goals approved by the Board. The SCL oversees the implementation of the Group's sustainability initiatives.
- Climate Policy aims to establish a systematic approach to identifying, assessing, and managing climate-related risks and opportunities, by integrating climate risk considerations into strategic decision-making processes to enhance long-term value creation and stakeholder confidence.
- The Group's Procurement Policy manages all procurement activities within the Group, by providing a structure and standardised approach of the procurement process. The Policy aims to ensure transparency, fairness, reasonableness and to promote sustainability practices within the procurement activities.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the integrated annual report of the Group for the year ended 31 December 2024. The limited assurance review was conducted in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants.

The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the integrated annual report of the Group, in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

The AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the integrated annual report will, in fact, remedy the problems.

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Analysis of the Statement of Financial Position

	2024 RM'mil	2023 RM'mil	Increase/(Decrease) Amount RM'mil	%
Assets				
Plant and equipment	**5.2**	6.0	(0.8)	(13.3)
Right-of-use assets	**33.7**	38.0	(4.3)	(11.3)
Investment properties	**32.6**	34.0	(1.4)	(4.1)
Intangible assets	**2.7**	3.5	(0.8)	(22.9)
Investment in an associated company	**46.9**	46.3	0.6	1.3
Fair value through other comprehensive income financial assets	**1,032.8**	945.1	87.7	9.3
Fair value through profit or loss financial assets	**1,455.5**	1,218.3	237.2	19.5
Amortised cost financial assets	**1,071.1**	1,003.9	67.2	6.7
Reinsurance contract assets	**880.0**	878.0	2.0	0.2
Loans and receivables	**72.7**	80.9	(8.2)	(10.1)
Current tax assets	**2.1**	-	2.1	>100.0
Cash and cash equivalents	**149.8**	315.0	(165.2)	(52.4)
Total Assets	**4,785.1**	4,569.0	216.1	4.7
Total Equity	**2,422.3**	2,283.5	138.8	6.1
Liabilities				
Insurance contract liabilities	**2,257.0**	2,199.8	57.2	2.6
Deferred tax liabilities	**38.3**	25.1	13.2	52.6
Lease liabilities	**36.0**	40.3	(4.3)	(10.7)
Other payables	**7.8**	8.2	(0.4)	(4.9)
Current tax payables	**23.7**	12.1	11.6	95.9
Total Liabilities	**2,362.8**	2,285.5	77.3	3.4
Total Equity and Liabilities	**4,785.1**	4,569.0	216.1	4.7

Total Assets

As at 31 December 2024, the total assets of the Group was RM4,785.1 million, increased by 4.7% or RM216.1 million over the previous financial year mainly contributed by the increase in investments classified as fair value through profit or loss by 19.5% or RM237.2 million.

Plant and Equipment

During the year 2024, the Group's plant and equipment decreased by 13.3% or RM0.8 million to RM5.2 million from RM6.0 million in 2023, mainly due to the depreciation charge during the year.

Right-of-use Assets

The right-of-use assets of the Group, which consist of leases of buildings and machines, had decreased by 11.3% or RM4.3 million to RM33.7 million from RM38.0 million in 2023 due to the depreciation charge during the year.

Investment Properties

The investment properties of the Group decreased by 4.1% or RM1.4 million to RM32.6 million from RM34.0 million registered in 2023. The decrease was mainly due to foreign exchange translation resulted from the appreciation of Ringgit Malaysia despite with the fair value gains of RM0.7 million recorded during the year. The investment properties were revalued in accordance with the revaluation report issued by the external independent valuer.

Intangible Assets

The intangible assets which consist of software development costs of the Group decreased by 22.9% or RM0.8 million to RM2.7 million from RM3.5 million in 2023 due to the amortisation during the year.

Investment in An Associated Company

The Group's investment in an associated company is in respect of its investment in Campu Lonpac Insurance Plc ("Campu Lonpac"), where the Group has a 45% interest in the company. The Group records its investment in the shares of Campu Lonpac using the equity method. The investment in associated company increased by 1.3% or RM0.6 million to RM46.9 million from RM46.3 million in 2023 as a result of profit generated during the year offset by foreign exchange translation loss. The Group's share of the profit after tax from this associated company for the current financial year ended 31 December 2024 increased by RM0.3 million to RM2.1 million from RM1.8 million in 2023.

ANALYSIS OF THE FINANCIAL STATEMENTS

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Fair Value Through Other Comprehensive Income Financial Assets

The Group has elected to designate equity investment not held for trading purpose to be classified as fair value through other comprehensive income ("FVOCI") financial assets. The FVOCI financial assets consist of blue-chip stocks that have good and consistent dividend payouts. The Group has also elected to classify all the debt securities if they meet the classification conditions as stated in Note 8.1(b) as FVOCI financial assets for the purpose of matching with insurance contract liabilities. Throughout the year, the FVOCI financial assets increased by 9.3% or RM87.7 million to RM1,032.8 million from RM945.1 million in 2023. The value of the blue-chip stocks increased by 6.3% or RM59.4 to RM1,004.5 million from RM945.1 million due to the increase in the market value. The new purchases of corporate bonds and sukuk during the year were RM28.3 million.

Fair Value Through Profit Or Loss Financial Assets

The Group classifies all other investments which were not designated as FVOCI and do not give rise to cash flows that are solely payments of principal and interest as fair value through profit or loss ("FVTPL") financial assets. The FVTPL financial assets increased by 19.5% or RM237.2 million to RM1,455.5 million from RM1,218.3 million in 2023 mainly due to the increase in the investment in unit trusts by RM141.1 million to RM1,064.8 million from RM923.7 million in 2023 and corporate bonds and sukuk by RM93.6 million to RM377.7 million from RM284.1 million in 2023. Whilst the investment in real estate investment trusts ("REITs") increased to RM5.3 million from RM3.3 million in 2023. The value of exchange-traded fund ("ETF") decreased to RM0.5 million from RM0.6 million in 2023. The value of equity securities increased to RM7.2 million from RM6.5 million in 2023.

Amortised Cost Financial Assets

The Group classifies the debt securities as amortised cost financial assets if they meet the classification conditions as stated in Note 8.1(d) to financial statements. The Group also classifies its fixed and call deposits placed with licensed financial institutions with maturity of more than three months as amortised cost financial assets. The Group's amortised cost financial assets consist of Malaysian government securities, government investment issues, government guaranteed loans, corporate bonds and sukuk and fixed and call deposits which are mainly held for yield and liquidity purposes. The amortised cost financial assets increased by 6.7% or RM67.2 million to RM1,071.1 million from RM1,003.9 million in 2023 due to the increase in the placement of fixed and call deposits by RM78.1 million to RM898.7 million from RM820.6 million in 2023. However, the investment in government guaranteed loans decreased to RM75.0 million from RM85.0 million in 2023 due to maturity. Whilst, the value of corporate bonds and sukuk decreased to RM42.4 million from RM43.3 million in 2023 due to foreign currency translation.

Reinsurance Contract Assets

As at 31 December 2024, the reinsurers' share of liabilities for remaining coverage and incurred claims (reinsurance contract assets) increased by 0.2% or RM2.0 million to RM880.0 million from RM878.0 million in 2023.

Loans and Receivables

The Group's loans and receivables as at 31 December 2024 comprised of staff loans and other receivables. The Group's loans and receivables decreased by 10.1% or RM8.2 million to RM72.7 million from RM80.9 million in 2023. Staff loans decreased by 16.0% or RM2.6 million to RM13.7 million from RM16.3 million in 2023. Other receivables decreased by 8.7% or RM5.6 million to RM59.0 million from RM64.6 million in 2023, mainly due to the decrease in income due and accrued by RM3.4 million and amount due from Malaysian Motor Investment Pool by RM2.0 million.

Cash and Cash Equivalents

The Group's cash and cash equivalents are made up of cash in-hand, balances with banks and fixed and call deposits placed with licensed financial institutions with maturities of 3 months or less. The Group's cash and cash equivalents decreased by 52.4% or RM165.2 million to RM149.8 million from RM315.0 million in 2023 mainly due to the purchase of investments classified as FVTPL. The fixed deposits placements with maturity of 3 months or less decreased by RM211.4 million to RM59.6 million from RM271.0 million in 2023.

Total Liabilities

The Group's total liabilities increased by 3.4% or RM77.3 million to RM2,362.8 million from RM2,285.5 million in 2023. The increase was primarily due to the higher insurance contract liabilities. Total insurance contract liabilities accounted for 95.5% or RM2,257.0 million of the Group's total liabilities, of which RM1,397.9 million related to liabilities for incurred claims and RM859.1 million related to liabilities for remaining coverage.

Insurance Contract Liabilities

The Group's insurance contract liabilities consist of liabilities for incurred claims and liabilities for remaining coverage. Total insurance contract liabilities increased by 2.6% or RM57.2 million to RM2,257.0 million from RM2,199.8 million in 2023. The increase amount of RM57.2 million made up of the increase in liabilities for remaining coverage of RM92.2 million offset with the decrease in liabilities for incurred claims of RM35.0 million.

Lease Liabilities

The Group's lease liabilities decreased by 10.7% or RM4.3 million to RM36.0 million from RM40.3 million in 2023 due to the repayments during the year.

Other Payables

The Group's other payables decreased by 4.9% or RM0.4 million to RM7.8 million from RM8.2 million in 2023.

Shareholders' Equity

The Group's shareholders' equity as at 31 December 2024 increased by 6.1% or RM138.8 million to RM2,422.3 million from RM2,283.5 million in 2023 after the payment of dividends amounted to RM278.9 million (consist of RM159.4 million second interim for financial year 2023 and RM119.5 million first interim for financial year 2024) during the year. The Group recorded a net profit of RM377.1 million for the year 2024, with a return on equity of 15.6%. Accordingly, the Group's retained earnings increased by RM98.2 million to RM1,151.7 million from RM1,053.5 million. Whilst the Group's fair value reserve increased by RM52.7 million to RM838.0 million from RM785.3 million in 2023 due to the decrease in market value in FVOCI financial assets.

ANALYSIS OF THE FINANCIAL STATEMENTS

Analysis of the Statement of Profit or Loss

	2024 RM'mil	2023 RM'mil	Increase/(Decrease) Amount RM'mil	%
Operating revenue	**1,926.6**	1,905.4	21.2	1.1
Insurance revenue	**1,781.6**	1,781.9	(0.3)	-
Insurance service expenses	**(1,057.9)**	(827.0)	230.9	27.9
Net expenses from reinsurance contracts held	**(345.9)**	(661.2)	(315.3)	(47.7)
Insurance service result	**377.8**	293.7	84.1	28.6
Investment income	**145.1**	123.5	21.6	17.5
Net fair value gains	**1.1**	25.8	(24.7)	(95.7)
Investment return	**146.2**	149.3	(3.1)	(2.1)
Net finance expenses from insurance contracts held	**(71.6)**	(71.2)	0.4	0.6
Net finance income from reinsurance contracts held	**32.4**	38.7	(6.3)	(16.3)
Net financial result	**107.0**	116.8	(9.8)	(8.4)
Other income	**5.2**	3.9	1.3	33.3
Other operating expenses	**(16.9)**	(20.2)	(3.3)	(16.3)
Other finance costs	**(1.1)**	(1.1)	-	-
Share of profit after tax of equity accounted associated company	**2.1**	1.8	0.3	16.7
Profit before tax	**474.1**	394.9	79.2	20.1
Tax expense	**(97.0)**	(81.2)	15.8	19.5
Profit for the year	**377.1**	313.7	63.4	20.2

ANALYSIS OF THE FINANCIAL STATEMENTS

Despite operating in a very challenging economic environment and a highly competitive market, LPI Group continued to deliver a remarkable set of results for the financial year ended 31 December 2024. The Group reported a higher performance in terms of revenue and profit before tax as compared to 2023. The revenue of the Group increased by 1.1% or RM21.2 million to RM1,926.6 million compared to RM1,905.4 million in 2023 contributed by higher investment income.

The Group's profit before tax increased by 20.1% or RM79.2 million to RM474.1 million from RM394.9 million in 2023. The increase in profit before tax was mainly contributed by the higher insurance service result which increased by 28.6% or RM84.1 million to RM377.8 million from RM293.7 million in 2023.

The Group's net profit increased by 20.2% or RM63.4 million to RM377.1 million as compared to RM313.7 million in 2023. The Group's earnings per share increased to 94.7 sen from 78.8 sen in 2023 and return on equity increased to 15.6% from 13.7% in 2023.

Operating Revenue

The Group's operating revenue increased by 1.1% to RM1,926.6 million as compared to 2023 mainly contributed by the higher interest income and dividend income. The insurance revenue contributed 92.5% of the total operating revenue in 2024.

Operating Revenue	2024 RM'000	2023 RM'000	Variance RM'000	Variance %	Contribution 2024 %
Insurance revenue	**1,781,559**	1,781,921	(362)	-	**92.5**
Dividend income	**87,104**	67,872	19,232	28.3	**4.5**
Interest income	**57,121**	54,747	2,374	4.3	**3.0**
Rental of premises	**852**	876	(24)	(2.7)	**-**
Total	**1,926,636**	1,905,416	21,220	1.1	**100.0**

Insurance Revenue

The Group's insurance revenue stood at RM1,781.6 million for the financial year ended 31 December 2024 as compared to 2023. Fire and Miscellaneous insurances were the major contributors to the total insurance revenue which accounted for approximately 38.5% and 30.6% of the total insurance revenue in 2024 respectively. The lower insurance revenue in Fire class of business was mainly due to change in actuarial assumptions in the recognition of revenue.

ANALYSIS OF THE FINANCIAL STATEMENTS

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Insurance Revenue By Class of Business

Class	2024 RM'000	2023 RM'000	Variance RM'000	Variance %	Contribution 2024 %
Fire	**684,932**	759,730	(74,798)	(9.8)	**38.5**
Motor	**443,999**	397,610	46,389	11.7	**24.9**
Marine, aviation & transit	**106,895**	103,362	3,533	3.4	**6.0**
Miscellaneous	**545,733**	521,219	24,514	4.7	**30.6**
Total	**1,781,559**	1,781,921	(362)	-	**100.0**

The insurance revenue was largely generated from the gross written premiums. For the financial year ended 31 December 2024, the Group recorded 7.5% or RM129.2 million growth in its gross written premiums to RM1,859.9 million from RM1,730.7 million in 2023. The growth was largely contributed by Motor, Fire and Miscellaneous classes of business.

Gross Written Premiums By Class of Business

Class	2024 RM'000	2023 RM'000	Variance RM'000	Variance %	Contribution 2024 %
Fire	**735,352**	689,099	46,253	6.7	**39.5**
Motor	**457,153**	409,731	47,422	11.6	**24.6**
Marine, aviation & transit	**104,846**	106,174	(1,328)	(1.3)	**5.6**
Miscellaneous	**562,513**	525,656	36,857	7.0	**30.3**
Total	**1,859,864**	1,730,660	129,204	7.5	**100.0**

Insurance Service Expenses

The Group's insurance service expenses consist of incurred claims, amortisation of insurance acquisition costs, expenses that are related to fulfillment of insurance contracts and losses on onerous contracts. The Group's insurance service expenses for the financial year ended 31 December 2024 increased by 27.9% or RM230.9 million to RM1,057.9 million from RM827.0 million, mainly due to the higher incurred claims reported by the claimants.

Insurance Service Expenses By Class of Business

Class	2024 RM'000	2023 RM'000	Variance RM'000	Variance %	Contribution 2024 %
Fire	**245,673**	72,500	173,173	238.9	**23.2**
Motor	**397,910**	336,234	61,676	18.3	**37.6**
Marine, aviation & transit	**82,749**	103,817	(21,068)	(20.3)	**7.8**
Miscellaneous	**331,527**	314,457	17,070	5.4	**31.4**
Total	**1,057,859**	827,008	230,851	27.9	**100.0**

Net Expenses From Reinsurance Contracts Held

The Group's net expenses from reinsurance contracts held consist of allocation of reinsurance premiums paid offset with loss recoveries from reinsurers on incurred claims and onerous underlying contracts. The Group's net expenses from reinsurance contracts held for the financial year ended 31 December 2024 decreased by 47.7% or RM315.3 million to RM345.9 million from RM661.2 million in 2023. The decrease was mainly contributed by higher recoveries of incurred claims from reinsurers and lower allocation of premiums paid.

Net Expenses From Reinsurance Contracts Held By Class of Business

Class	2024 RM'000	2023 RM'000	Variance RM'000	Variance %	Contribution 2024 %
Fire	**168,215**	480,404	(312,189)	(65.0)	**48.6**
Motor	**21,169**	44,199	(23,030)	(52.1)	**6.1**
Marine, aviation & transit	**23,435**	(8,317)	31,752	381.8	**6.8**
Miscellaneous	**133,106**	144,908	(11,802)	(8.1)	**38.5**
Total	**345,925**	661,194	(315,269)	(47.7)	**100.0**

Insurance Service Result

The Group's insurance service result for the financial year ended 31 December 2024 increased by 28.6% or RM84.1 million to RM377.8 million from RM293.7 million in 2023, mainly contributed by higher net insurance revenue (insurance revenue net of allocation of reinsurance premium paid). The increase in net insurance revenue was mainly contributed by Motor and Fire classes of business.

Net Insurance Revenue By Class of Business

Class	2024 RM'000	2023 RM'000	Variance RM'000	Variance %	Contribution 2024 %
Fire	**487,403**	442,984	44,419	10.0	**37.9**
Motor	**420,612**	374,424	46,188	12.3	**32.7**
Marine, aviation & transit	**28,027**	29,391	(1,364)	(4.6)	**2.2**
Miscellaneous	**349,171**	324,950	24,221	7.5	**27.2**
Total	**1,285,213**	1,171,749	113,464	9.7	**100.0**

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Besides, the Group recorded a better claims experience with the net incurred claims (incurred claims net of recoveries from reinsurers) for the financial year reduced by 0.6% or RM3.0 million to RM474.3 million from RM477.3 million in 2023, despite with the 7.5% growth in the gross written premium. The lower net claims incurred was mainly contributed by Fire and Miscellaneous classes of business.

Net Incurred Claims By Class of Business

Class	2024 RM'000	2023 RM'000	Variance RM'000	Variance %	Contribution 2024 %
Fire	**61,104**	86,494	(25,390)	(29.4)	**12.9**
Motor	**282,457**	259,996	22,461	8.6	**59.5**
Marine, aviation & transit	**8,531**	4,556	3,975	87.2	**1.8**
Miscellaneous	**122,171**	126,218	(4,047)	(3.2)	**25.8**
Total	**474,263**	477,264	(3,001)	(0.6)	**100.0**

Investment Income

Investment income increased by 17.5% or RM21.6 million to RM145.1 million from RM123.5 million in 2023 mainly contributed by higher dividend income and interest income received. The Group's dividend income from investment in equities and unit trusts increased by 28.3% or RM19.2 million to RM87.1 million from RM67.9 million in 2023. Whilst its interest income from investment in debt securities and fixed and call deposits increased by 4.3% or RM2.4 million to RM57.1 million from RM54.7 million in 2023 mainly contributed by new purchases of debt securities.

Net Fair Value Gains

During the year, the Group registered lower net fair value gains of RM1.1 million as compared to RM25.8 million in 2023, mainly due to non-recurrence of fair value gains from unit trusts of RM18.6 million and debt securities of RM4.7 million recorded in 2023.

Net Insurance Finance Costs

The net insurance finance costs (finance expenses from insurance contracts net of finance income from reinsurance contracts held) is the effects of time value of money on insurance contracts. The amount of net insurance finance cost for the financial year ended 31 December 2024 was RM39.2 million, higher than previous year of RM32.5 million.

Other Income

Other income of the Group increased by RM1.3 million to RM5.2 million as compared to RM3.9 million in 2023.

Other Operating Expenses

Other operating expenses are those expenses which were not related directly to the fulfillment of insurance contracts, decreased by RM3.3 million to RM16.9 million from RM20.2 million in 2023.

Other Finance Costs

Other finance costs accounted under MFRS 16, *Leases* maintained at RM1.1 million as compared to 2023.

Taxation

The Group's tax expense increased by 19.5% or RM15.8 million to RM97.0 million from RM81.2 million in 2023. The Group's effective tax rate for the current financial year was 20.5%, which was lower than the statutory tax rate of 24.0%. The lower tax rate was mainly due to certain income are tax-exempt or being taxed at a reduced rate.

STATEMENT OF RESPONSIBILITY BY DIRECTORS

PURSUANT TO PARAGRAPH 15.26(A) OF THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with the requirements of the MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies Act 2016 in Malaysia, Bank Negara Malaysia's Guidelines and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the financial position of the Group and the Company as of 31 December 2024 and of their financial performance and cash flows for the year then ended.

In preparing the annual audited financial statements, the Directors ensured that the Management has:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent; and
- prepared the annual audited financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the relevant regulatory requirements.

The Directors also have a general responsibility for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITY

The Company is principally engaged in investment holding activities while the principal activity of the subsidiary is as stated in Note 6 to the financial statements. There has been no significant change in the nature of this principal activity during the financial year.

IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company is a subsidiary of Public Bank Berhad ("PBB"), a licensed bank incorporated in Malaysia and regarded by the Directors as the Company's immediate and ultimate holding company, effective from 4 December 2024 and until the date of this report.

SUBSIDIARY

The details of the Company's subsidiary are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	377,091	295,462

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

i) In respect of the financial year ended 31 December 2023 as reported in the Directors' Report of that year:

- a second interim single tier dividend of 40.00 sen per ordinary share totalling RM159,353,101 declared on 26 February 2024 and paid on 20 March 2024.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

DIVIDENDS (CONTINUED)

ii) In respect of the financial year ended 31 December 2024:

- a first interim single tier dividend of 30.00 sen per ordinary share totalling RM119,514,826 declared on 21 August 2024 and paid on 13 September 2024.

Subsequent to the financial year end, on 14 February 2025, the Directors declared a second interim single tier dividend of 50.00 sen per ordinary share on the issued and paid-up share capital as at the entitlement date on 14 March 2025 in respect of the financial year ended 31 December 2024. The dividend will be payable on 25 March 2025. The Directors do not propose any final dividend for the financial year ended 31 December 2024.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Tee Choon Yeow
Tan Kok Guan
Soo Chow Lai
Dato' Chia Lee Kee
Mohamed Raslan Bin Abdul Rahman (appointed on 31 January 2024)
Quah Poh Keat (cessation on 1 January 2024)
Chan Kwai Hoe (cessation on 30 June 2024)
Lee Chin Guan (cessation on 27 January 2025)

LIST OF DIRECTORS OF SUBSIDIARY

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiary during the financial year and up to the date of this report is as follows:

Tee Choon Yeow
Looi Kong Meng
Mohd Suffian Bin Haji Haron
Wong Ah Kow
Ng Chwe Hwa
Woo Chew Hong
Dato' Dr Fauziah Binti Mohd Taib (appointed on 1 June 2024)
Quah Poh Keat (cessation on 1 January 2024)
Chan Kwai Hoe (cessation on 30 June 2024)
Lee Chin Guan (cessation on 27 January 2025)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly owned subsidiary) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2024	Bought	Sold	At 31.12.2024
Interests in the immediate and ultimate holding company:				
Tan Kok Guan				
- own	4,445	-	-	4,445
Lee Chin Guan (cessation on 27 January 2025)				
- own	1,000,150	-	-	1,000,150
Dato' Chia Lee Kee				
- own	180	-	-	180
Interests in the Company:				
Tee Choon Yeow				
- own	1,152,000	-	-	1,152,000
Tan Kok Guan				
- own	356,400	-	-	356,400
- deemed interest	273,600	-	-	273,600
Lee Chin Guan (cessation on 27 January 2025)				
- own	2,300,000	-	-	2,300,000

None of the other Directors holding office at 31 December 2024 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2024 are as follows:

	From the Company RM'000	From subsidiary company RM'000
Directors of the Company:		
Fees	1,314	581
Board Committees' Chairman fees	105	35
Salary	1,687	-
Bonus	1,969	-
EPF	540	-
Other	390	236
Benefits-in-kind	30	-
	6,035	852

There were no arrangements during and at the end of the financial year which had the object of enabling 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.

ISSUE OF SHARES AND DEBENTURES

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

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

The following disclosure on particulars of indemnity given to, or insurance effected for, any Director or officer of the Group is made pursuant to Section 289(7) of the Companies Act 2016:

	Amount paid RM'000	Sum insured RM'000
Directors and Officers Liability Insurance	42	30,000

There were no indemnity given to, or insurance effected for auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) there was adequate provision for its insurance contract liabilities in accordance with the requirements of MFRS 17, *Insurance Contracts* issued by the Malaysian Accounting Standards Board ("MASB").

ii) all known bad debts have been written off and adequate impairment allowance made for doubtful debts, and

iii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts and insurance contract liabilities in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

OTHER STATUTORY INFORMATION (CONTINUED)

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

For the purpose of this paragraph, contingent liabilities and other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and Company during the year are RM1,289,180 and RM109,500 respectively.

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

Mohamed Raslan Bin Abdul Rahman
Director

Tan Kok Guan
Director

Kuala Lumpur
Date: 14 February 2025

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Assets					
Plant and equipment	2	**5,243**	5,986	**546**	11
Right-of-use assets	3	**33,652**	38,056	**-**	-
Investment properties	4	**32,604**	33,977	**-**	-
Intangible assets	5	**2,690**	3,542	**-**	-
Investment in a subsidiary	6	**-**	-	**200,000**	200,000
Investment in an associated company	7	**46,890**	46,322	**10,833**	10,833
Other investments		**3,559,420**	3,167,288	**1,025,572**	951,169
- Fair value through other comprehensive income	8(a)	**1,032,813**	945,063	**969,472**	912,069
- Fair value through profit or loss	8(b)	**1,455,523**	1,218,290	**-**	-
- Amortised cost	8(c)	**1,071,084**	1,003,935	**56,100**	39,100
Reinsurance contract assets	12(b)	**880,032**	877,968	**-**	-
Loans and receivables	9	**72,680**	80,864	**916**	522
Current tax assets		**2,042**	-	**-**	-
Cash and cash equivalents	10	**149,821**	315,015	**1,123**	2,178
Total assets		**4,785,074**	4,569,018	**1,238,990**	1,164,713
Equity					
Share capital		**398,383**	398,383	**398,383**	398,383
Reserves		**2,023,917**	1,885,131	**838,360**	764,363
Total equity	11	**2,422,300**	2,283,514	**1,236,743**	1,162,746
Liabilities					
Insurance contract liabilities	12(a)	**2,256,984**	2,199,820	**-**	-
Deferred tax liabilities	13	**38,324**	25,121	**-**	-
Lease liabilities	14	**36,014**	40,303	**-**	-
Other payables	15	**7,789**	8,131	**2,071**	1,868
Current tax payables		**23,663**	12,129	**176**	99
Total liabilities		**2,362,774**	2,285,504	**2,247**	1,967
Total equity and liabilities		**4,785,074**	4,569,018	**1,238,990**	1,164,713

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

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Operating revenue	16	**1,926,636**	1,905,416	**304,749**	251,357
Insurance revenue	17	**1,781,559**	1,781,921	**-**	-
Insurance service expenses	21	**(1,057,859)**	(827,008)	**-**	-
Net expenses from reinsurance contracts held	18	**(345,925)**	(661,194)	**-**	-
Insurance service result	18	**377,775**	293,719	**-**	-
Investment income	19(b)	**145,077**	123,495	**304,749**	251,357
Net fair value gains	19(c)	**1,097**	25,794	**-**	-
Net reversal of impairment loss on investments		**1**	1	**-**	-
Investment return		**146,175**	149,290	**304,749**	251,357
Net finance expenses from insurance contracts	19(a)	**(71,569)**	(71,182)	**-**	-
Net finance income from reinsurance contracts held	19(a)	**32,363**	38,730	**-**	-
Net financial result	19	**106,969**	116,838	**304,749**	251,357
Other income	20	**5,206**	3,935	**93**	-
Other operating expenses	21	**(16,869)**	(20,228)	**(8,858)**	(7,742)
Other finance costs	14.2	**(1,061)**	(1,150)	**-**	-
Share of profit after tax of equity accounted associated company	7	**2,105**	1,819	**-**	-
Profit before tax		**474,125**	394,933	**295,984**	243,615
Tax expense	23	**(97,034)**	(81,207)	**(522)**	(371)
Profit for the year		**377,091**	313,726	**295,462**	243,244
Profit attributable to:					
Owners of the Company		**377,091**	313,726	**295,462**	243,244
Earnings per ordinary share (sen)					
Basic	24	**94.66**	78.75		

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Profit for the year		377,091	313,726	295,462	243,244
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation		(11,786)	13,444	-	-
Net gains on investments in debt instruments designated at fair value through other comprehensive income	19	100	-	-	-
Net finance income/(expenses) from insurance contracts	19(a)	3,515	(9,026)	-	-
Net finance (expenses)/income from reinsurance contracts held	19(a)	(3,843)	5,559	-	-
Income tax relating to these items	23	(94)	901	-	-
Items that will not be reclassified to profit or loss					
Net gains/(losses) on investments in equity instruments designated at fair value through other comprehensive income	19	59,740	(6,919)	57,403	(6,378)
Income tax relating to these items	23	(7,069)	246	-	-
Total other comprehensive income/(expenses) for the year, net of tax		40,563	4,205	57,403	(6,378)
Total comprehensive income for the year attributable to owners of the Company		417,654	317,931	352,865	236,866

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Share capital RM'000	Foreign currency translation reserve RM'000	Insurance finance reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
		← Non-distributable			*→*	*Distributable*	
Group							
At 1 January 2023		398,383	35,155	357	791,936	982,765	2,208,596
Foreign currency translation differences for foreign operation		-	13,444	-	-	-	13,444
Net finance expenses from insurance contracts		-	-	(6,777)	-	-	(6,777)
Net finance income from reinsurance contracts held		-	-	4,211	-	-	4,211
Net losses on investments in equity instruments designated at fair value through other comprehensive income		-	-	-	(6,673)	-	(6,673)
Total other comprehensive income/ (expenses) for the year		-	13,444	(2,566)	(6,673)	-	4,205
Profit for the year		-	-	-	-	313,726	313,726
Total comprehensive income/ (expenses) for the year		-	13,444	(2,566)	(6,673)	313,726	317,931
Distributions to owners of the Company							
Dividends to owners of the Company	25	-	-	-	-	(243,013)	(243,013)
Total transactions with owners of the Company		-	-	-	-	(243,013)	(243,013)
At 31 December 2023		398,383	48,599	(2,209)	785,263	1,053,478	2,283,514
		Note 11.1	Note 11.2	Note 11.3	Note 11.4		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Share capital RM'000	Foreign currency translation reserve RM'000	Insurance finance reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
		← Non-distributable			*→*	*Distributable*	
Group							
At 1 January 2024		398,383	48,599	(2,209)	785,263	1,053,478	2,283,514
Foreign currency translation differences for foreign operation		-	(11,786)	-	-	-	(11,786)
Net finance income from insurance contracts		-	-	2,481	-	-	2,481
Net finance expenses from reinsurance contracts held		-	-	(2,888)	-	-	(2,888)
Net gains on investments designated at fair value through other comprehensive income		-	-	-	52,756	-	52,756
Total other comprehensive (expenses)/income for the year		-	(11,786)	(407)	52,756	-	40,563
Profit for the year		-	-	-	-	377,091	377,091
Total comprehensive (expenses)/ income for the year		-	(11,786)	(407)	52,756	377,091	417,654
Distributions to owners of the Company							
Dividends to owners of the Company	25	-	-	-	-	(278,868)	(278,868)
Total transactions with owners of the Company		-	-	-	-	(278,868)	(278,868)
At 31 December 2024		398,383	36,813	(2,616)	838,019	1,151,701	2,422,300
		Note 11.1	Note 11.2	Note 11.3	Note 11.4		

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	← Non-distributable Share capital RM'000	→ Fair value reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
Company					
At 1 January 2023		398,383	667,387	103,123	1,168,893
Net losses on investments in equity instruments designated at fair value through other comprehensive income		-	(6,378)	-	(6,378)
Total other comprehensive expense for the year		-	(6,378)	-	(6,378)
Profit for the year		-	-	243,244	243,244
Total comprehensive (expense)/income for the year		-	(6,378)	243,244	236,866
Distributions to owners of the Company					
Dividends to owners of the Company	25	-	-	(243,013)	(243,013)
Total transactions with owners of the Company		-	-	(243,013)	(243,013)
At 31 December 2023		398,383	661,009	103,354	1,162,746
At 1 January 2024		**398,383**	**661,009**	**103,354**	**1,162,746**
Net gains on investments in equity instruments designated at fair value through other comprehensive income		**-**	**57,403**	**-**	**57,403**
Total other comprehensive income for the year		**-**	**57,403**	**-**	**57,403**
Profit for the year		**-**	**-**	**295,462**	**295,462**
Total comprehensive income for the year		**-**	**57,403**	**295,462**	**352,865**
Distributions to owners of the Company					
Dividends to owners of the Company	25	**-**	**-**	**(278,868)**	**(278,868)**
Total transactions with owners of the Company		**-**	**-**	**(278,868)**	**(278,868)**
At 31 December 2024		**398,383**	**718,412**	**119,948**	**1,236,743**
		Note 11.1	Note 11.4		

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Operating activities				
Profit before tax	**474,125**	394,933	**295,984**	243,615
Investment income	**(145,077)**	(123,495)	**(304,749)**	(251,357)
Gain on disposal of plant and equipment	**(276)**	(561)	**(93)**	-
Net fair value gains recorded in profit or loss	**(1,097)**	(25,794)	**-**	-
Share of profit of equity accounted associated company	**(2,105)**	(1,819)	**-**	-
Interest on lease liabilities	**1,061**	1,150	**-**	-
Non-cash items:				
Depreciation of plant and equipment	**2,614**	2,516	**85**	1
Depreciation of right-of-use assets	**7,168**	7,212	**-**	-
Amortisation of intangible assets	**1,458**	2,778	**-**	7
Write off of plant and equipment	**-**	3	**-**	2
Unrealised foreign exchange gain	**(1,249)**	(27)	**-**	-
Net reversal of impairment loss on investments	**(1)**	(1)	**-**	-
Changes in working capital:				
Other investments	**(341,498)**	(538,036)	**(17,000)**	(17,400)
Loans and receivables	**7,925**	(7,542)	**(394)**	(255)
Reinsurance contract assets	**(7,873)**	445,736	**-**	-
Insurance contract liabilities	**71,541**	(380,803)	**-**	-
Other payables	**(152)**	155	**203**	(507)
Cash generated from/(used in) operating activities	**66,564**	(223,595)	**(25,964)**	(25,894)
Dividend income received	**87,104**	67,872	**302,521**	249,764
Interest income received	**57,307**	54,930	**2,228**	1,593
Rental income on investment property received	**852**	876	**-**	-
Interest paid	**(1,061)**	(1,150)	**-**	-
Income tax paid	**(81,344)**	(71,481)	**(445)**	(325)
Net cash flows generated from/(used in) operating activities	**129,422**	(172,548)	**278,340**	225,138

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Investing activities				
Proceeds from disposal of plant and equipment	**277**	561	**93**	-
Purchase of plant and equipment	**(1,967)**	(1,740)	**(620)**	(11)
Purchase of intangible assets	**(633)**	(867)	**-**	-
Net cash flows used in investing activities	**(2,323)**	(2,046)	**(527)**	(11)
Financing activities				
Dividends paid to owners of the Company	**(278,868)**	(243,013)	**(278,868)**	(243,013)
Payment of lease liabilities	**(7,039)**	(6,991)	**-**	-
Net cash flows used in financing activities	**(285,907)**	(250,004)	**(278,868)**	(243,013)
Net decrease in cash and cash equivalents	**(158,808)**	(424,598)	**(1,055)**	(17,886)
Cash and cash equivalents at 1 January	**315,015**	724,911	**2,178**	20,064
Effect of movement in exchange rates	**(6,386)**	14,702	**-**	-
Cash and cash equivalents at 31 December (Note 10)	**149,821**	315,015	**1,123**	2,178

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

LPI Capital Bhd ("LPI") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its principal place of business and registered office of the Company is as follows:

Principal place of business/Registered office

6th Floor, Bangunan Public Bank
6, Jalan Sultan Sulaiman
50000 Kuala Lumpur
Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2024 comprise the Company and its subsidiary (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associated company. The financial statements of the Company as at and for the year ended 31 December 2024 do not include other entities.

On 4 December 2024, Public Bank Berhad ("PBB"), a licensed bank incorporated in Malaysia, acquired 44.15% ordinary shares of the Company from the Estate of the Late Tan Sri Dato' Sri Dr. Teh Hong Piow and Consolidated Teh Holdings Sdn Bhd. The Company is now a subsidiary of PBB and regarded by the Directors as the Company's immediate and ultimate holding company, effective from 4 December 2024.

The Company is principally engaged in investment holding activities while the principal activity of the subsidiary is stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 14 February 2025.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued but have not been adopted by the Group and the Company:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements - Volume 11:
  - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
  - Amendments to MFRS 7, *Financial Instruments: Disclosures*
  - Amendments to MFRS 9, *Financial Instruments*
  - Amendments to MFRS 10, *Consolidated Financial Statements*
  - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025;
- from the annual period beginning on 1 January 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026, except for Amendments to MFRS 1 which is not applicable to the Group and the Company; and
- from the annual period beginning on 1 January 2027 for the accounting standards that are effective for annual periods beginning on or after 1 January 2027, except for MFRS 19 which is not applicable to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

MFRS 18, *Presentation and Disclosure in Financial Statements*

MFRS 18 will replace MFRS 101, *Presentation of Financial Statements* and applies for annual periods beginning on or after 1 January 2027. The new accounting standard introduces the following key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group and the Company are currently assessing the impact of adopting MFRS 18.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for the following items, which are measured based on the measurement basis stated below:

Items	Measurement basis
Investment properties	Fair value
Debt and equity securities at fair value through other comprehensive income ("FVOCI")	Fair value
Debt and equity securities at fair value through profit or loss ("FVTPL")	Fair value
Collective investments at FVTPL	Fair value
Insurance and reinsurance contracts	Fulfilment cash flows and if any, the contractual service margin ("CSM")

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

Note 4	-	Valuation of investment properties
Note 27.3(iv)	-	Measurement of expected credit loss ("ECL") allowance for financial assets
Note 27.1	-	Measurement of insurance contracts and reinsurance contracts held
Note 3 and Note 14	-	Extension options and incremental borrowing rate in relation to leases

2. PLANT AND EQUIPMENT

Group	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Computers RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 January 2023	1,683	8,546	12,312	37,265	3,966	-	63,772
Additions	27	81	-	128	1,330	174	1,740
Disposals	-	-	-	(281)	(1,481)	-	(1,762)
Written off	(23)	(450)	-	(30)	-	-	(503)
Effect of movement in exchange rates	5	13	153	53	68	-	292
At 31 December 2023/1 January 2024	**1,692**	**8,190**	**12,465**	**37,135**	**3,883**	**174**	**63,539**
Additions	**44**	**54**	**2**	**154**	**1,713**	**-**	**1,967**
Disposals	**-**	**-**	**-**	**(322)**	**(1,638)**	**-**	**(1,960)**
Written off	**(3)**	**(47)**	**-**	**(362)**	**-**	**-**	**(412)**
Reclassification	**-**	**-**	**-**	**174**	**-**	**(174)**	**-**
Effect of movement in exchange rates	**(4)**	**(11)**	**(129)**	**(46)**	**(81)**	**-**	**(271)**
At 31 December 2024	**1,729**	**8,186**	**12,338**	**36,733**	**3,877**	**-**	**62,863**

2. PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Computers RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation								
At 1 January 2023		1,643	7,340	10,254	34,566	3,233	-	57,036
Depreciation for the year	21	26	517	673	1,113	187	-	2,516
Disposals		-	-	-	(281)	(1,481)	-	(1,762)
Written off		(23)	(449)	-	(28)	-	-	(500)
Effect of movement in exchange rates		5	12	136	43	67	-	263
At 31 December 2023/ 1 January 2024		**1,651**	**7,420**	**11,063**	**35,413**	**2,006**	**-**	**57,553**
Depreciation for the year	21	**24**	**418**	**571**	**914**	**687**	**-**	**2,614**
Disposals		**-**	**-**	**-**	**(321)**	**(1,638)**	**-**	**(1,959)**
Written off		**(3)**	**(47)**	**-**	**(362)**	**-**	**-**	**(412)**
Effect of movement in exchange rates		**(4)**	**(11)**	**(118)**	**(41)**	**(2)**	**-**	**(176)**
At 31 December 2024		**1,668**	**7,780**	**11,516**	**35,603**	**1,053**	**-**	**57,620**
Carrying amounts								
At 1 January 2023		40	1,206	2,058	2,699	733	-	6,736
At 31 December 2023/ 1 January 2024		**41**	**770**	**1,402**	**1,722**	**1,877**	**174**	**5,986**
At 31 December 2024		**61**	**406**	**822**	**1,130**	**2,824**	**-**	**5,243**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2. PLANT AND EQUIPMENT (CONTINUED)

Company	Note	Computers RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2023		4	608	612
Additions		11	-	11
Written off		(4)	-	(4)
At 31 December 2023/1 January 2024		**11**	**608**	**619**
Additions		**-**	**620**	**620**
Disposals		**-**	**(608)**	**(608)**
At 31 December 2024		**11**	**620**	**631**
Accumulated depreciation				
At 1 January 2023		1	608	609
Depreciation for the year	21	1	-	1
Written off		(2)	-	(2)
At 31 December 2023/1 January 2024		**-**	**608**	**608**
Depreciation for the year	21	**3**	**82**	**85**
Disposals		**-**	**(608)**	**(608)**
At 31 December 2024		**3**	**82**	**85**
Carrying amounts				
At 1 January 2023		3	-	3
At 31 December 2023/1 January 2024		**11**	**-**	**11**
At 31 December 2024		**8**	**538**	**546**

Included in plant and equipment of the Group and the Company are the following fully depreciated assets which are still in use:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At cost				
Office equipment	**1,606**	1,413	**-**	-
Furniture and fittings	**6,389**	6,198	**-**	-
Renovation	**9,663**	8,752	**-**	-
Computers	**32,709**	32,510	**-**	-
Motor vehicles	**117**	1,728	**-**	608

2. PLANT AND EQUIPMENT (CONTINUED)

2.1 Material accounting policy information

(a) Recognition and measurement

Items of plant and equipment, except for capital work-in-progress, are measured at cost less any accumulated depreciation and any accumulated impairment losses. Capital work-in-progress is measured at cost.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group or the Company will obtain ownership by the end of the lease term. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

- Office equipment 4 years
- Furniture and fittings 4 years
- Renovation 5 years
- Computers 4 years
- Motor vehicles 5 years

NOTES TO THE FINANCIAL STATEMENTS
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3. RIGHT-OF-USE ASSETS

The Group leases many assets including office buildings, printing and photostat machines.

Group	Note	Office buildings RM'000	Printing and photostat machines RM'000	Total RM'000
At 1 January 2023		42,710	662	43,372
Additions	14.1	1,028	-	1,028
Depreciation for the year	21	(6,987)	(225)	(7,212)
Effect of movement in exchange rates		861	7	868
At 31 December 2023/1 January 2024		**37,612**	**444**	**38,056**
Additions	14.1	**2,739**	**616**	**3,355**
Depreciation for the year	21	**(6,906)**	**(262)**	**(7,168)**
Effect of movement in exchange rates		**(588)**	**(3)**	**(591)**
At 31 December 2024		**32,857**	**795**	**33,652**

3.1 Extension options

Some leases of office buildings contain extension options exercisable by the Group. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

As of 31 December 2024, the Group has included all potential future cash flows of exercising the extension options in the lease liabilities.

3.2 Judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

3. RIGHT-OF-USE ASSETS (CONTINUED)

3.3 Material accounting policy information

(a) Recognition and measurement

The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and 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 assets or the end of the lease term.

(b) Recognition exemption

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and some leases of low-value assets (e.g. printing and photostat machines). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4. INVESTMENT PROPERTIES

Group	Note	2024 RM'000	2023 RM'000
At 1 January		**33,977**	29,862
Change in fair value recognised in profit or loss	19(c)	**660**	1,825
Effect of movement in exchange rates		**(2,033)**	2,290
At 31 December		**32,604**	33,977

4.1 Nature of leasing activities

Investment properties comprise commercial properties that are leased to third parties. Each of the lease consists of an average lease term of 2 years. Subsequent renewals are negotiated with the lessee and average renewal periods are 2 years. No contingent rents are charged.

The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

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FOR THE YEAR ENDED 31 DECEMBER 2024

4. INVESTMENT PROPERTIES (CONTINUED)

4.2 The following are recognised in profit or loss in respect of investment properties:

Group	Note	2024 RM'000	2023 RM'000
Lease income	16, 19(b)	852	876
Fair value gain	19(c)	660	1,825
Direct operating expenses		(104)	(124)

4.3 Maturity analysis of operating lease payments

Group	2024 RM'000	2023 RM'000
Less than one year	718	301
One to two years	205	-
Total undiscounted lease payments	923	301

4.4 Fair value information

Fair value of investment properties are categorised as follows:

Group	2024 RM'000	2023 RM'000
Level 2 fair value		
Buildings	32,604	33,977

The fair value measurement for investment properties has been categorised as Level 2 fair value based on the inputs to the valuation technique used.

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair values of buildings have been generally derived using the sales comparison method. Sales price of comparable properties in close proximity are adjusted for any differences in key attributes such as location, master plan zoning, size, design and layout, tenure, age and condition of buildings and the dates of transactions. The most significant input into this valuation approach is price per square foot of comparable properties.

Transfer between levels

There is no transfer between levels during the financial year (2023: no transfer).

4. INVESTMENT PROPERTIES (CONTINUED)

4.5 Material accounting policy information

Investment properties are measured subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise.

5. INTANGIBLE ASSETS

Group	Note	Software RM'000	Capital work-in-progress RM'000	Total RM'000
Cost				
At 1 January 2023		18,229	655	18,884
Additions		468	399	867
Reclassification		512	(512)	-
Written off		(9,871)	-	(9,871)
Effect of movement in exchange rates		119	-	119
At 31 December 2023/1 January 2024		9,457	542	9,999
Additions		46	587	633
Reclassification		533	(533)	-
Written off		(937)	-	(937)
Effect of movement in exchange rates		(126)	-	(126)
At 31 December 2024		8,973	596	9,569
Accumulated amortisation				
At 1 January 2023		13,444	-	13,444
Amortisation for the year	21	2,778	-	2,778
Written off		(9,871)	-	(9,871)
Effect of movement in exchange rates		106	-	106
At 31 December 2023/1 January 2024		6,457	-	6,457
Amortisation for the year	21	1,458	-	1,458
Written off		(937)	-	(937)
Effect of movement in exchange rates		(99)	-	(99)
At 31 December 2024		6,879	-	6,879
Carrying amounts				
At 1 January 2023		4,785	655	5,440
At 31 December 2023/1 January 2024		3,000	542	3,542
At 31 December 2024		2,094	596	2,690

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FOR THE YEAR ENDED 31 DECEMBER 2024

5. INTANGIBLE ASSETS (CONTINUED)

Company	Note	Software RM'000
Cost		
At 1 January 2023/31 December 2023/1 January 2024/31 December 2024		**37**
Accumulated amortisation		
At 1 January 2023		30
Amortisation for the year	21	7
At 31 December 2023/1 January 2024/31 December 2024		**37**
Carrying amounts		
At 1 January 2023		7
At 31 December 2023/1 January 2024/31 December 2024		**-**

The software development costs are mainly in relation to internal development expenditure incurred for the Business Process Management System. This system is designed to improve the efficiency of the business activities of the Group.

In the previous financial year, this system was discontinued and written off.

5.1 Material accounting policy information

(a) Recognition and measurement

Intangible assets that are acquired by the Group and the Company, which have finite useful lives, are measured at cost less any accumulated amortisation and any impairment losses.

(b) Amortisation

The Group and the Company recognise the amortisation of software development costs on a straight-line basis over the estimated useful life as part of insurance service expenses and other operating expenses.

The estimated useful life of software for the current and comparative periods is 4 years.

6. INVESTMENT IN A SUBSIDIARY

Company	2024 RM'000	2023 RM'000
At cost		
Unquoted shares	**200,000**	200,000

Details of the subsidiary, which is incorporated in Malaysia, are as follows:

Name of subsidiary	Principal activity	Effective ownership interest and voting interest 2024 %	Effective ownership interest and voting interest 2023 %
Lonpac Insurance Bhd ("Lonpac")	Underwriting of general insurance	**100**	100

6.1 Material accounting policy information

Investment in a subsidiary is measured in the Company's statement of financial position at cost less any impairment losses.

7. INVESTMENT IN AN ASSOCIATED COMPANY

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At cost				
Unquoted shares	**10,833**	10,833	**10,833**	10,833
Share of post-acquisition reserves*	**29,221**	27,116	**-**	-
Effect of movement in exchange rates	**6,836**	8,373	**-**	-
	46,890	46,322	**10,833**	10,833

* Share of post-acquisition reserves of the investment in associated company is accounted for using management accounts.

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FOR THE YEAR ENDED 31 DECEMBER 2024

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FOR THE YEAR ENDED 31 DECEMBER 2024

7. INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

Details of a material associate are as follows:

Name of entity	Principal place of business	Nature of the relationship	Effective ownership interest and voting interest 2024 %	2023 %
Campu Lonpac Insurance Plc	Cambodia	Underwriting of general insurance is the Group's strategic investment in providing access to Cambodia market	**45**	45

The Group's share in the results of the associated company, Campu Lonpac Insurance Plc, is as follows:

	2024 RM'000	2023 RM'000
Group's share of results for the year ended 31 December		
Group's share of profit or loss from continuing operations	**2,105**	1,819
Effect of movement in exchange rates	**(1,537)**	2,116
	568	3,935

7.1 Material accounting policy information

Investment in an associated company is accounted for in the consolidated financial statements using the equity method less any impairment losses.

Investment in an associated company is measured in the Company's statement of financial position at cost less any impairment losses.

8. OTHER INVESTMENTS

(a) Fair value through other comprehensive income ("FVOCI")

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
At fair value					
Investment in securities designated at FVOCI					
Equity securities in a corporation					
Quoted in Malaysia		**1,004,543**	945,063	**969,472**	912,069
Corporate bonds and sukuk					
Unquoted in Malaysia		**25,063**	-	**-**	-
Unquoted outside Malaysia		**3,209**	-	**-**	-
		28,272	-	**-**	-
Allowance for impairment	27.3	**(2)**	-	**-**	-
		28,270	-	**-**	-
Total FVOCI		**1,032,813**	945,063	**969,472**	912,069

The Group's and the Company's investment in equity securities of a corporation quoted in Malaysia is an investment in ordinary shares of Public Bank Berhad, the immediate and ultimate holding company of the Group and the Company.

By virtue of Section 22(5)(b) of the Companies Act 2016, the Group and the Company are required to dispose all their shares of Public Bank Berhad within twelve months after becoming subsidiary of Public Bank Berhad on 4 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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FOR THE YEAR ENDED 31 DECEMBER 2024

8. OTHER INVESTMENTS (CONTINUED)

(b) Fair value through profit or loss ("FVTPL")

	Group	
	2024 RM'000	2023 RM'000
At fair value		
Investment mandatorily measured at FVTPL		
Unit trusts in Malaysia	**1,064,816**	923,739
Real estate investment trusts ("REITs")		
Quoted in Malaysia	**3,630**	3,259
Quoted outside Malaysia	**1,696**	-
	5,326	3,259
Exchange-traded fund ("ETF")		
Quoted outside Malaysia	**530**	636
	530	636
Equity securities in corporations		
Quoted outside Malaysia	**5,531**	4,940
Unquoted in Malaysia	**1,627**	1,575
	7,158	6,515
Corporate bonds and sukuk		
Unquoted in Malaysia	**377,693**	277,134
Unquoted outside Malaysia	**-**	7,007
	377,693	284,141
Total FVTPL	**1,455,523**	1,218,290

Included in the Group's investments in unquoted corporate bonds and sukuk are investments in bonds issued by Public Bank Berhad, the immediate and ultimate holding company of the Group, with a carrying amount of RM 35,284,000 (2023: RM30,225,000).

8. OTHER INVESTMENTS (CONTINUED)

(c) Amortised cost ("AC")

		2024		2023	
Group	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At amortised cost					
Malaysian government securities		**15,179**	**15,088**	15,240	15,115
Government investment issues		**39,848**	**39,983**	39,821	39,857
Malaysian government guaranteed loans		**75,000**	**75,357**	85,000	85,432
		130,027	**130,428**	140,061	140,404
Corporate bonds and sukuk					
Unquoted in Malaysia		**30,000**	**30,268**	30,000	30,290
Unquoted outside Malaysia		**12,394**	**12,375**	13,307	13,029
		42,394	**42,643**	43,307	43,319
Allowance for impairment	27.3	**(2)**	**-**	(5)	-
		42,392	**42,643**	43,302	43,319
Fixed and call deposits with licensed financial institutions with maturity of more than three months					
Licensed banks in Malaysia		**702,291**	**702,291**	700,241	700,241
Banks outside Malaysia		**196,374**	**196,374**	120,331	120,331
		898,665	**898,665**	820,572	820,572
Total AC		**1,071,084**	**1,071,736**	1,003,935	1,004,295

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FOR THE YEAR ENDED 31 DECEMBER 2024

8. OTHER INVESTMENTS (CONTINUED)

(c) Amortised cost ("AC") (continued)

Company	2024 Carrying amount RM'000	2024 Fair value RM'000	2023 Carrying amount RM'000	2023 Fair value RM'000
At amortised cost				
Fixed and call deposits with licensed financial institutions with maturity of more than three months				
Licensed banks in Malaysia	**56,100**	**56,100**	39,100	39,100
Total AC	**56,100**	**56,100**	39,100	39,100

Included in the Group's and the Company's fixed and call deposits are placements in fixed and call deposits with Public Bank Berhad, the immediate and ultimate holding company of the Group and the Company, with a carrying amount of RM8,050,000 (2023: RM7,760,000) and RM100,000 (2023: RM100,000) respectively.

Included in the fixed and call deposits of the Group are RM97,372,000 (2023: RM91,115,000) held as cash collateral for guarantees issued on behalf of policyholders.

(d) Estimation of fair values

The fair values of quoted securities, REITs and ETF are their last quoted prices and unit trusts are their published Net Asset Value ("NAV") unit prices at the end of the reporting period.

The estimated fair values of Malaysian government securities, government investment issues, Malaysian government guaranteed loans and unquoted corporate bonds and sukuk are based on the average indicative mid market prices obtained from three independent licensed financial institutions.

The fair value of the unquoted equity instrument is determined to approximate the net assets value of the investee as it is immaterial in the context of the financial statements.

The carrying amounts of the fixed and call deposits approximate their fair values.

8. OTHER INVESTMENTS (CONTINUED)

(d) Estimation of fair values (continued)

The following investments mature after 12 months:

Group	2024 RM'000	2023 RM'000
FVOCI	**28,270**	-
FVTPL	**342,769**	277,134
AC	**172,419**	173,363

(e) Carrying amount of other investments

Group	FVOCI RM'000	FVTPL RM'000	AC RM'000	Total RM'000
At 1 January 2023	951,672	1,140,334	515,988	2,607,994
Net addition	-	53,172	484,864	538,036
Net fair value (losses)/gains recorded in:				
Profit or loss	-	23,969	-	23,969
Other comprehensive income	(6,919)	-	-	(6,919)
Amortisation	-	(43)	(166)	(209)
Accretion	-	-	26	26
Net reversal of impairment loss	-	-	1	1
Effect of movement in exchange rates	310	858	3,222	4,390
At 31 December 2023/1 January 2024	**945,063**	**1,218,290**	**1,003,935**	**3,167,288**
Net addition	**28,166**	**237,591**	**75,741**	**341,498**
Net fair value gains recorded in:				
Profit or loss	**-**	**437**	**-**	**437**
Other comprehensive income	**59,840**	**-**	**-**	**59,840**
Amortisation	**(2)**	**(42)**	**(179)**	**(223)**
Accretion	**9**	**-**	**28**	**37**
(Impairment loss)/Net reversal of impairment loss	**(2)**	**-**	**3**	**1**
Effect of movement in exchange rates	**(261)**	**(753)**	**(8,444)**	**(9,458)**
At 31 December 2024	**1,032,813**	**1,455,523**	**1,071,084**	**3,559,420**

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8. OTHER INVESTMENTS (CONTINUED)

(e) Carrying amount of other investments (continued)

Company	FVOCI RM'000	AC RM'000	Total RM'000
At 1 January 2023	918,447	21,700	940,147
Net addition	-	17,400	17,400
Net fair value loss recorded in:			
Other comprehensive income	(6,378)	-	(6,378)
At 31 December 2023/1 January 2024	**912,069**	**39,100**	**951,169**
Net addition	**-**	**17,000**	**17,000**
Net fair value gain recorded in:			
Other comprehensive income	**57,403**	**-**	**57,403**
At 31 December 2024	**969,472**	**56,100**	**1,025,572**

8.1 Material accounting policy information

(a) FVOCI – equity securities

On initial recognition of an equity investment that is not held for trading, the Group or the Company may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

(b) FVOCI – debt securities

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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8. OTHER INVESTMENTS (CONTINUED)

8.1 Material accounting policy information (continued)

(d) AC

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(e) Deposits with licensed financial institutions

The Group and the Company classify deposits with licensed financial institutions not held for working capital purposes that has a maturity of more than three months as other investments.

(f) Impairment

All financial assets, except for those measured at FVTPL and equity instruments measured at FVOCI, are subject to impairment assessment.

Presentation of allowance for impairment in the statements of financial position

Allowance for impairment for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the allowance for impairment is charged to profit or loss. The loss allowance does not reduce the carrying amount of the financial asset in the statements of financial position and is recognised in OCI.

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9. LOANS AND RECEIVABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Staff loans				
Receivable within twelve months	**1,582**	1,735	**-**	-
Receivable after twelve months	**12,103**	14,573	**-**	-
	13,685	16,308	**-**	-
Other receivables				
Due from Malaysian Motor Insurance Pool	**36,113**	38,108	**-**	-
Other receivables, deposits and prepayments	**5,651**	5,845	**104**	5
Income due and accrued	**17,231**	20,603	**812**	517
	58,995	64,556	**916**	522
Total loans and receivables	**72,680**	80,864	**916**	522

The following loans and receivables mature after 12 months:

	Group	
	2024 RM'000	2023 RM'000
Staff loans	**12,103**	14,573

Estimation of fair values

The fair values of the staff loans are determined to approximate the carrying amounts as these are immaterial in the context of the financial statements.

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Amortised cost				
Cash and bank balances	**90,257**	44,002	**174**	130
Fixed and call deposits with licensed financial institutions with maturity of three months or less				
Licensed banks in Malaysia	**36,087**	177,470	**949**	2,048
Banks outside Malaysia	**23,477**	93,543	**-**	-
	149,821	315,015	**1,123**	2,178

The carrying amounts disclosed above approximate their fair values due to the relatively short-term nature of these financial instruments.

Included in the Group's and the Company's cash and cash equivalents are bank balances with Public Bank Berhad, the immediate and ultimate holding company of the Group and the Company, with a carrying amount of RM22,086,000 (2023: RM14,409,000) and RM174,000 (2023: RM130,000) respectively.

Included in the Group's fixed and call deposits are RM2,669,000 (2023: RM654,000) held as cash collateral for guarantees issued on behalf of policyholders.

11. CAPITAL AND RESERVES

11.1 Share capital

	Group and Company			
	2024		2023	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Ordinary shares, issued and fully paid with no par value				
At 1 January/At 31 December	**398,383**	**398,383**	398,383	398,383

Ordinary shares

Ordinary shares are classified as equity. 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.

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11. CAPITAL AND RESERVES (CONTINUED)

11.2 Foreign currency translation reserve

The foreign currency translation reserve is in respect of exchange differences arising from the translation of the financial statements of a subsidiary's Singapore Branch and the financial statements of the associated company.

11.3 Insurance finance reserve

The insurance finance reserve comprises the cumulative insurance finance income and expenses recognised in other comprehensive income.

11.4 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investment in securities measured at fair value through other comprehensive income.

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD

The following reconciliations show how the net carrying amounts of insurance contracts and reinsurance contracts held changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and other comprehensive income ("OCI").

The Group presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss and OCI.

A second reconciliation is presented for contracts measured under the general measurement model ("GMM"), which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the contractual service margin ("CSM").

The following table sets out the carrying amount of insurance contracts and reinsurance contracts held expected to be settled more than 12 months after the reporting date.

Group	2024 RM'000	2023 RM'000
Insurance contract liabilities	(1,044,046)	(993,279)
Reinsurance contract assets	454,301	413,007

Simplifications adopted for the modified retrospective approach on transition to MFRS 17 are disclosed in Note 12(e)(xi).

At 31 December 2024, the maximum exposure to credit risk from insurance contracts is RM198,636,000 (2023: RM167,717,000) which primarily relates to premium receivables for services that the Group has already provided, and the maximum exposure to credit risk from reinsurance contracts is RM10,000,000 (2023: RM20,085,000).

Included in insurance contract liabilities of the Group are RM106,122,000 (2023: RM97,866,000) held as cash collateral deposits received from policyholders.

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities

(i) Analysis by remaining coverage and incurred claims

		2024			
		Liabilities for remaining coverage			
Group	Note	Excluding loss component RM'000	Loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
At 1 January 2024		715,562	51,398	1,432,860	2,199,820
Changes in the statement of profit or loss and OCI					
Insurance revenue					
Contracts under the modified retrospective transition approach		(49,801)	-	-	(49,801)
Other contracts		(1,731,758)	-	-	(1,731,758)
	17, 18	(1,781,559)	-	-	(1,781,559)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	(103,575)	972,200	868,625
Amortisation of insurance acquisition cash flows	17	346,481	-	-	346,481
Losses on onerous contracts		-	110,888	-	110,888
Adjustments to liabilities for incurred claims		-	-	(268,135)	(268,135)
	18, 21	346,481	7,313	704,065	1,057,859
Investment components		(29,103)	-	29,103	-
Insurance service result		(1,464,181)	7,313	733,168	(723,700)
Net finance expenses from insurance contracts	19(a)	29,480	4,720	33,854	68,054
Effect of movements in exchange rates		(4,813)	(442)	(5,607)	(10,862)
Total changes in the statement of profit or loss and OCI		(1,439,514)	11,591	761,415	(666,508)
Cash flows					
Premiums received		1,885,327	-	-	1,885,327
Claims and other insurance service expenses paid, including investment components		-	-	(796,365)	(796,365)
Insurance acquisition cash flows		(365,290)	-	-	(365,290)
Total cash flows		1,520,037	-	(796,365)	723,672
At 31 December 2024		796,085	62,989	1,397,910	2,256,984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities (continued)

(i) Analysis by remaining coverage and incurred claims (continued)

Group	Note	2023 Liabilities for remaining coverage Excluding loss component RM'000	Loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
At 1 January 2023		734,933	51,349	1,773,115	2,559,397
Changes in the statement of profit or loss and OCI					
Insurance revenue					
Contracts under the modified retrospective transition approach		(75,778)	-	-	(75,778)
Other contracts		(1,706,143)	-	-	(1,706,143)
	17, 18	(1,781,921)	-	-	(1,781,921)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	(100,664)	874,824	774,160
Amortisation of insurance acquisition cash flows	17	331,782	-	-	331,782
Losses on onerous contracts		-	97,089	-	97,089
Adjustments to liabilities for incurred claims		-	-	(376,023)	(376,023)
	18, 21	331,782	(3,575)	498,801	827,008
Investment components		(23,237)	-	23,237	-
Insurance service result		(1,473,376)	(3,575)	522,038	(954,913)
Net finance expenses from insurance contracts	19(a)	31,265	3,074	45,869	80,208
Effect of movements in exchange rates		4,988	550	6,665	12,203
Total changes in the statement of profit or loss and OCI		(1,437,123)	49	574,572	(862,502)
Cash flows					
Premiums received		1,754,340	-	-	1,754,340
Claims and other insurance service expenses paid, including investment components		-	-	(914,827)	(914,827)
Insurance acquisition cash flows		(336,588)	-	-	(336,588)
Total cash flows		1,417,752	-	(914,827)	502,925
At 31 December 2023		715,562	51,398	1,432,860	2,199,820

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12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM

Group	Note	2024 Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	CSM: Contracts under modified retrospective transition approach RM'000	CSM: Other contracts RM'000	CSM: Subtotal RM'000	Total RM'000
At 1 January 2024		1,722,169	258,749	20,128	198,774	218,902	2,199,820
Changes in the statement of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services provided	17	-	-	(11,553)	(441,322)	(452,875)	(452,875)
Change in risk adjustment for non-financial risk for risk expired		-	(53,426)	-	-	-	(53,426)
Experience adjustments		(21,349)	(38,803)	-	-	-	(60,152)
Changes that relate to future services							
Contracts initially recognised in the year	12(c)(i)	(469,814)	142,790	-	435,766	435,766	108,742
Changes in estimates that adjust the CSM		(62,072)	8,088	9,389	44,595	53,984	-
Changes in estimates that result in losses on onerous contracts		863	1,283	-	-	-	2,146

NOTES TO THE FINANCIAL STATEMENTS
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12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

Group	Note	2024 Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	CSM Contracts under modified retrospective transition approach RM'000	Other contracts RM'000	Subtotal RM'000	Total RM'000
Changes that relate to past services							
Adjustments to liabilities for incurred claims		(195,173)	(72,962)	-	-	-	(268,135)
Insurance service result		(747,545)	(13,030)	(2,164)	39,039	36,875	(723,700)
Net finance expenses from insurance contracts	19(a)	41,261	11,344	592	14,857	15,449	68,054
Effect of movements in exchange rates		(9,122)	(1,183)	(65)	(492)	(557)	(10,862)
Total changes in the statement of profit or loss and OCI		(715,406)	(2,869)	(1,637)	53,404	51,767	(666,508)
Cash flows*		723,672	-	-	-	-	723,672
At 31 December 2024		1,730,435	255,880	18,491	252,178	270,669	2,256,984

* Cash flows are analysed on page 193

NOTES TO THE FINANCIAL STATEMENTS
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12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

Group	Note	2023 Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	CSM Contracts under modified retrospective transition approach RM'000	Other contracts RM'000	Subtotal RM'000	Total RM'000
At 1 January 2023		2,032,455	309,471	34,693	182,778	217,471	2,559,397
Changes in the statement of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services provided	17	-	-	(20,336)	(383,964)	(404,300)	(404,300)
Change in risk adjustment for non-financial risk for risk expired		-	(87,011)	-	-	-	(87,011)
Experience adjustments		(144,780)	(39,888)	-	-	-	(184,668)
Changes that relate to future services							
Contracts initially recognised in the year	12(c)(i)	(378,610)	172,890	-	310,413	310,413	104,693
Changes in estimates that adjust the CSM		(81,630)	(5,799)	4,785	82,644	87,429	-
Changes in estimates that result in reversals of losses on onerous contracts		(5,556)	(2,048)	-	-	-	(7,604)

NOTES TO THE FINANCIAL STATEMENTS
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12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

Group	Note	2023 Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	CSM Contracts under modified retrospective transition approach RM'000	CSM Other contracts RM'000	CSM Subtotal RM'000	Total RM'000
Changes that relate to past services							
Adjustments to liabilities for incurred claims		(273,967)	(102,056)	-	-	-	(376,023)
Insurance service result		(884,543)	(63,912)	(15,551)	9,093	(6,458)	(954,913)
Net finance expenses from insurance contracts	19(a)	61,204	11,577	876	6,551	7,427	80,208
Effect of movements in exchange rates		10,128	1,613	110	352	462	12,203
Total changes in the statement of profit or loss and OCI		(813,211)	(50,722)	(14,565)	15,996	1,431	(862,502)
Cash flows*		502,925	-	-	-	-	502,925
At 31 December 2023		1,722,169	258,749	20,128	198,774	218,902	2,199,820

* Cash flows are analysed on page 194

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12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets

(i) Analysis by remaining coverage and incurred claims

Group	Note	2024 Assets for remaining coverage: Excluding loss-recovery component RM'000	Assets for remaining coverage: Loss-recovery component RM'000	Assets for incurred claims RM'000	Total RM'000
At 1 January 2024		63,259	1,651	813,058	877,968
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	18	(496,346)	-	-	(496,346)
Amounts recoverable from reinsurers					
(Reversal of recoveries)/Recoveries of incurred claims		-	(3,194)	304,911	301,717
Recoveries of losses on onerous underlying contracts		-	3,089	-	3,089
Adjustments to assets for incurred claims		-	-	(153,450)	(153,450)
		-	(105)	151,461	151,356
Effect of changes in non-performance risk of reinsurers		-	-	(935)	(935)
Net (expenses)/income from reinsurance contracts held	18	(496,346)	(105)	150,526	(345,925)
Net finance income from reinsurance contracts held	19(a)	8,544	134	19,842	28,520
Effect of movements in exchange rates		(521)	(14)	(1,431)	(1,966)
Total changes in the statement of profit or loss and OCI		(488,323)	15	168,937	(319,371)
Cash flows					
Premiums paid		555,551	-	-	555,551
Amounts received		-	-	(234,116)	(234,116)
Total cash flows		555,551	-	(234,116)	321,435
At 31 December 2024		130,487	1,666	747,879	880,032

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12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets (continued)

(i) Analysis by remaining coverage and incurred claims (continued)

Group	Note	2023 — Assets for remaining coverage: Excluding loss-recovery component RM'000	2023 — Assets for remaining coverage: Loss-recovery component RM'000	2023 — Assets for incurred claims RM'000	2023 — Total RM'000
At 1 January 2023		150,692	2,049	1,163,069	1,315,810
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	18	(610,172)	-	-	(610,172)
Amounts recoverable from reinsurers					
(Reversal of recoveries)/Recoveries of incurred claims		-	(4,571)	228,018	223,447
Recoveries of losses on onerous underlying contracts		-	4,043	-	4,043
Adjustments to assets for incurred claims		-	-	(278,273)	(278,273)
		-	(528)	(50,255)	(50,783)
Effect of changes in non-performance risk of reinsurers		-	-	(239)	(239)
Net expenses from reinsurance contracts held	18	(610,172)	(528)	(50,494)	(661,194)
Net finance income from reinsurance contracts held	19(a)	12,137	114	32,038	44,289
Effect of movements in exchange rates		917	16	1,402	2,335
Total changes in the statement of profit or loss and OCI		(597,118)	(398)	(17,054)	(614,570)
Cash flows					
Premiums paid		509,685	-	-	509,685
Amounts received		-	-	(332,957)	(332,957)
Total cash flows		509,685	-	(332,957)	176,728
At 31 December 2023		63,259	1,651	813,058	877,968

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM

Group	Note	2024 — Estimates of present value of future cash flows RM'000	2024 — Risk adjustment for non-financial risk RM'000	2024 — CSM: Contracts under modified retrospective transition approach RM'000	2024 — CSM: Other contracts RM'000	2024 — CSM: Subtotal RM'000	2024 — Total RM'000
At 1 January 2024		682,267	136,437	9,390	49,874	59,264	877,968
Changes in the statement of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services received		-	-	(7,990)	(186,739)	(194,729)	(194,729)
Change in risk adjustment for non-financial risk for risk expired		-	(32,371)	-	-	-	(32,371)
Experience adjustments		41,500	(9,029)	-	-	-	32,471
Changes that relate to future services							
Contracts initially recognised in the year	12(c)(ii)	(308,779)	61,053	-	250,649	250,649	2,923
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		-	-	(2)	217	215	215
Changes in estimates that adjust the CSM		(17,086)	11,790	5,026	270	5,296	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts		(93)	44	-	-	-	(49)

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

		2024		CSM			
Group	**Note**	**Estimates of present value of future cash flows RM'000**	**Risk adjustment for non-financial risk RM'000**	**Contracts under modified retrospective transition approach RM'000**	**Other contracts RM'000**	**Subtotal RM'000**	**Total RM'000**
Changes that relate to past services							
Adjustments to assets for incurred claims		(115,931)	(37,519)	-	-	-	(153,450)
Effect of changes in non-performance risk of reinsurers		(935)	-	-	-	-	(935)
Net (expenses)/ income from reinsurance contracts held	18	(401,324)	(6,032)	(2,966)	64,397	61,431	(345,925)
Net finance income from reinsurance contracts held	19(a)	15,433	5,362	227	7,498	7,725	28,520
Effect of movements in exchange rates		(1,174)	(264)	(54)	(474)	(528)	(1,966)
Total changes in the statement of profit or loss and OCI		(387,065)	(934)	(2,793)	71,421	68,628	(319,371)
Cash flows*		321,435	-	-	-	-	321,435
At 31 December 2024		616,637	135,503	6,597	121,295	127,892	880,032

* Cash flows are analysed on page 199

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12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

		2023		CSM			
Group	**Note**	**Estimates of present value of future cash flows RM'000**	**Risk adjustment for non-financial risk RM'000**	**Contracts under modified retrospective transition approach RM'000**	**Other contracts RM'000**	**Subtotal RM'000**	**Total RM'000**
At 1 January 2023		1,065,521	186,940	16,524	46,825	63,349	1,315,810
Changes in the statement of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services received		-	-	(19,602)	(115,165)	(134,767)	(134,767)
Change in risk adjustment for non-financial risk for risk expired		-	(71,198)	-	-	-	(71,198)
Experience adjustments		(166,244)	(14,516)	-	-	-	(180,760)
Changes that relate to future services							
Contracts initially recognised in the year	12(c)(ii)	(127,183)	104,610	-	25,966	25,966	3,393
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		-	-	640	960	1,600	1,600
Changes in estimates that adjust the CSM		(93,753)	(7,406)	11,344	89,815	101,159	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts		158	(1,108)	-	-	-	(950)

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12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

Group	Note	2023 Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	CSM: Contracts under modified retrospective transition approach RM'000	CSM: Other contracts RM'000	CSM: Subtotal RM'000	Total RM'000
Changes that relate to past services							
Adjustments to assets for incurred claims		(209,698)	(68,575)	-	-	-	(278,273)
Effect of changes in non-performance risk of reinsurers		(239)	-	-	-	-	(239)
Net (expenses)/ income from reinsurance contracts held	18	(596,959)	(58,193)	(7,618)	1,576	(6,042)	(661,194)
Net finance income from reinsurance contracts held	19(a)	35,713	7,273	322	981	1,303	44,289
Effect of movements in exchange rates		1,264	417	162	492	654	2,335
Total changes in the statement of profit or loss and OCI		(559,982)	(50,503)	(7,134)	3,049	(4,085)	(614,570)
Cash flows*		176,728	-	-	-	-	176,728
At 31 December 2023		682,267	136,437	9,390	49,874	59,264	877,968

* Cash flows are analysed on page 200

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(c) Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance contracts and reinsurance contracts held measured under the GMM in the year.

(i) Insurance contracts

Group	Note	Profitable contracts issued RM'000	Onerous contracts issued RM'000	Total RM'000
2024				
Claims and other insurance service expenses payable		**407,299**	**477,222**	**884,521**
Insurance acquisition cash flows		**225,140**	**117,560**	**342,700**
Estimates of present value of cash outflows		**632,439**	**594,782**	**1,227,221**
Estimates of present value of cash inflows		**(1,155,910)**	**(541,125)**	**(1,697,035)**
Risk adjustment for non-financial risk		**87,705**	**55,085**	**142,790**
CSM		**435,766**	**-**	**435,766**
Losses recognised on initial recognition	12(a)(ii)	**-**	**108,742**	**108,742**
2023				
Claims and other insurance service expenses payable		482,641	428,077	910,718
Insurance acquisition cash flows		214,639	96,571	311,210
Estimates of present value of cash outflows		697,280	524,648	1,221,928
Estimates of present value of cash inflows		(1,126,076)	(474,462)	(1,600,538)
Risk adjustment for non-financial risk		118,383	54,507	172,890
CSM		310,413	-	310,413
Losses recognised on initial recognition	12(a)(ii)	-	104,693	104,693

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12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(c) Effect of contracts initially recognised in the year (continued)

(ii) Reinsurance contracts held

Group	Note	Contracts initiated without loss-recovery component RM'000	Contracts initiated with loss-recovery component RM'000	Total RM'000
2024				
Estimates of present value of cash inflows		**(199,089)**	**(10,760)**	**(209,849)**
Estimates of present value of cash outflows		**506,492**	**12,136**	**518,628**
Risk adjustment for non-financial risk		**(59,805)**	**(1,248)**	**(61,053)**
Income recognised on initial recognition		**-**	**2,923**	**2,923**
CSM	12(b)(ii)	**247,598**	**3,051**	**250,649**
2023				
Estimates of present value of cash inflows		(348,506)	(11,229)	(359,735)
Estimates of present value of cash outflows		473,563	13,355	486,918
Risk adjustment for non-financial risk		(100,867)	(3,743)	(104,610)
Income recognised on initial recognition		-	3,393	3,393
CSM	12(b)(ii)	24,190	1,776	25,966

(d) Contractual service margin

The following table sets out when the Group expects to recognise the remaining CSM in profit or loss after the reporting date for contracts measured under GMM.

Group	1 year or less RM'000	1–2 years RM'000	2–3 years RM'000	3–4 years RM'000	4–5 years RM'000	5–10 years RM'000	More than 10 years RM'000	Total RM'000
2024								
Insurance contracts	**238,999**	**11,101**	**4,376**	**2,379**	**1,769**	**5,792**	**6,253**	**270,669**
Reinsurance contracts held	**113,721**	**8,666**	**2,377**	**805**	**421**	**951**	**951**	**127,892**
2023								
Insurance contracts	189,408	9,467	4,493	2,545	1,569	5,413	6,007	218,902
Reinsurance contracts held	46,359	6,786	2,744	1,077	347	957	994	59,264

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(e) Material accounting policy information

(i) Classification

The Group classifies contracts that assume significant insurance risk as insurance contracts, while contracts that transfer such risk to another party are considered reinsurance contracts held. To determine significant insurance risk, the Group compares benefits paid with benefits payable if the event does not occur. Once classified as an insurance contract, this status remains for the contract's lifetime, even if the insurance risk decreases, unless all rights and obligations are extinguished or expired.

(ii) Separating components from insurance contracts and reinsurance contracts held

At contract inception, the Group generally disaggregates significant embedded derivatives, distinct investment components, and distinct non-insurance service components from insurance contracts or reinsurance contracts held. However, the Group has not identified any embedded derivatives in its current insurance contracts or reinsurance contracts held.

(iii) Level of aggregation

Insurance contracts and reinsurance contracts held are grouped for measurement by first identifying portfolios based on similar risks and managed together. Each portfolio is divided into annual cohorts by issuance year and inception year, and includes groups for onerous contracts, contracts unlikely to become onerous, and other remaining contracts. Upon recognition, a contract is added to an existing group or forms a new one if it doesn't fit. Reinsurance contracts held are grouped similarly, but some may cover underlying contracts from different groups.

(iv) Recognition

The Group recognises insurance contracts from the earliest of the policy inception or issuance dates. For reinsurance contracts held, recognition occurs when at least one underlying insurance contract is onerous, aligning with the insurance contract's recognition. Otherwise, for proportional coverage reinsurance, it is recognised at the later of the coverage period start date or the initial recognition of underlying contracts. For all other reinsurance contracts held, recognition happens at the start of the coverage period.

(v) Insurance acquisition cash flows

Insurance acquisition cash flows, related to selling, underwriting, and initiating contracts, are allocated to contract groups based on total premiums, with directly attributable costs, like commissions, assigned specifically to those groups. However, the Group does not recognise any acquisition asset for cash flows incurred before the contract recognition.

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FOR THE YEAR ENDED 31 DECEMBER 2024

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(e) Material accounting policy information (continued)

(vi) Contract boundaries

Contract boundaries for a group of contracts encompass all future cash flows during the coverage period defined by premiums. For insurance contracts, cash flows remain within this boundary if they arise from substantive rights and obligations during the reporting period, allowing the Group to compel premium payments or provide services. This obligation ends when the Group can reassess policyholder risks and adjust pricing accordingly. For reinsurance contracts held, cash flows are included if they arise from substantive rights during the reporting period, compelling the Group to pay the reinsurer or receive services. This right ceases when the reinsurer can reassess risks or terminate coverage.

(vii) Measurement

The Group measures insurance contracts by calculating total fulfilment cash flows (which comprise estimates of future cash flows, adjusted to reflect the time value of money, and a risk adjustment for non-financial risk) along with the CSM. These estimations do not include the Group's non-performance risk but may account for non-payment risks from counterparties.

Future cash flows are estimated using a deterministic model, with all cash flows discounted at risk-free rates. At each reporting date, the carrying amount of the group of contracts includes liabilities for remaining coverage and liabilities for incurred claims. Liabilities for remaining coverage comprise future fulfilment cash flows and any remaining CSM, while liabilities for incurred claims cover unpaid claims and claims that have been incurred but not yet reported.

MFRS 17 introduces a discounted measurement approach as the GMM for all insurance contracts. The Group has determined that it will apply GMM to all its contracts issued and reinsurance contracts held, except for certain contracts during the transition period, for which the modified retrospective approach is adopted due to data limitations.

The CSM is initially measured as the opposite of the net inflow, resulting in no income or expenses. If there's a net outflow, it indicates onerous contracts, which are recognised as a loss in profit or loss. The CSM is adjusted only for changes in fulfilment cash flows related to future services, recognised in profit or loss as those services are provided, representing unrecognised profit at each reporting date. The carrying amount of the CSM is updated based on new contracts added, interest accrued, changes in fulfilment cash flows, and insurance revenue recognised for services provided during the year. Changes in fulfilment cash flows include adjustments from premiums, estimates of future cash flows, differences between expected and actual investment components, and adjustments for non-financial risks related to future services.

The Group creates a loss component for onerous insurance contracts to track losses separately. This loss component helps identify amounts recognised in profit or loss as reversals of losses, which do not count as insurance revenue. When costs arise, they are allocated between the loss component and other liabilities based on a systematic method that considers the loss component's share of total future cash outflows and risk adjustments. If the loss component is reduced to zero, any remaining amount creates a CSM for the group.

The Group uses the same accounting policies for reinsurance contracts held as for insurance contracts, with some modifications. Estimates of future cash flows align with those of underlying insurance contracts, adjusted for reinsurer's non-performance risk, which is assessed regularly and affects profit or loss. The CSM indicates a net cost or gain from purchasing reinsurance, recognised immediately as an expense if related to prior insured events, and income when a loss on onerous contracts is recognised. The CSM is recognised in profit or loss as services are received. For reinsurance contracts held covering onerous underlying contracts, a loss-recovery component is established to reflect the management of loss recoveries.

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(e) Material accounting policy information (continued)

(viii) Significant judgements and estimates

In estimating future cash flows, the Group utilises all reasonable and supportable information available at the reporting date, including both internal and external historical data about claims and experiences, while updating it to reflect current expectations. These cash flows pertain directly to fulfilling the contract, encompassing payments to policyholders, insurance acquisition cash flows, and other related costs, including both direct expenses and allocated overheads. Cash flows are assigned to acquisition and fulfilment activities either directly or through estimates based on the activities of respective business functions, using systematic and rational methods consistently applied across similar costs, such as total premiums, number of policies, or claims.

The Group determines risk-free discount rates using government securities' yield curves, interpolating between the last market data point and an ultimate forward rate that reflects long-term interest and inflation expectations. This forward rate is revised only with significant changes in long-term expectations, and no illiquidity premium adjustment is needed due to the liquid nature of insurance payouts.

The table below set out the yield curves used to discount the cash flows of insurance contracts for major currencies:

	At 31 December 2024					At 31 December 2023				
Group	1 year	5 years	10 years	15 years	20 years	1 year	5 years	10 years	15 years	20 years
MYR	3.28%	3.64%	3.83%	3.97%	4.07%	3.30%	3.56%	3.74%	3.99%	4.10%
SGD	2.75%	2.76%	2.79%	2.82%	2.80%	3.76%	2.71%	2.76%	2.81%	2.88%

The Group determines risk adjustments for non-financial risk to reflect compensation for bearing such risks and its risk aversion, using a confidence level technique. This involves estimating the probability distribution of future cash flows and calculating the risk adjustment as the difference between the value at the 75th percentile confidence level and the expected present value of those cash flows. Changes in the risk adjustment are disaggregated between the insurance service results and insurance finance income or expenses, in line with Bank Negara Malaysia's regulatory requirements.

The CSM of a group of contracts is recognised in profit or loss based on the services provided each year. This involves identifying coverage units, equally allocating the remaining CSM to these units for both current and future years and recognising the allocated CSM for the services provided in the year. Coverage units are defined by the quantity of benefits offered by the contracts and their expected coverage periods within the coverage boundaries, with regular reviews and updates at each reporting date.

To estimate assets or liabilities for incurred claims, the Group employs standard actuarial techniques, such as the Chain Ladder and Bornhuetter-Ferguson methods, based on past claims development to project future costs. Historical claims are analysed by accident years and business lines, while large claims are reserved or projected separately. Final reserves are discounted based on payment patterns, and qualitative judgment is applied to account for trends and uncertainties that may affect future claims costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(e) Material accounting policy information (continued)

(ix) Modification and derecognition

The Group generally does not expect its policy endorsements, aside from cancellations, to qualify as modifications under MFRS 17, treating any cash flow changes from endorsements as adjustments to fulfilment cash flow estimates. A contract is derecognised when it is extinguished, meaning its obligations have expired, been discharged, or cancelled.

(x) Presentation and disclosure

The Group presents insurance contracts and reinsurance contracts held separately in the statement of financial position, distinguishing between assets and liabilities. Rights and obligations are shown on a net basis, eliminating separate entries for insurance receivables and payables. In the statement of profit or loss and OCI, amounts are divided into insurance service results (including revenue and expenses) and insurance finance income or expenses, with reinsurance held amounts reported separately. Insurance revenue and expenses exclude any investment components.

The Group recognises insurance revenue as it provides services under insurance contracts, reflecting changes in liabilities related to coverage for which the Group receives or expects to receive consideration within the contract boundaries. Expenses directly related to fulfilling contracts are generally recognised as insurance service expenses when incurred (such as incurred claims, amortisation of insurance acquisition cash flows, and losses on onerous contracts, including reversals of such losses), while expenses that do not relate directly are presented separately.

Net expenses from reinsurance contracts held are shown as a single line item in the financial statements.

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

The Group also disaggregates insurance finance income or expenses between profit or loss and OCI. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined using the discount rates determined on initial recognition of the group of contracts.

For reinsurance contracts held covering onerous underlying contracts, a loss-recovery component is established to reflect the management of loss recoveries.

(xi) Transition

The modified retrospective approach aims to closely replicate retrospective application using available information. Due to data limitations, the Group made several modifications, including adopting groupings as at the transition date for contracts issued before it, grouping all pre-transition contracts into one cohort, using the discount rate at the transition date for initial recognition, and applying the risk adjustment for non-financial risk based on the transition date.

The Group adopted the modified retrospective approach for all insurance contracts issued and reinsurance contracts held, except for long-term medical contracts at the transition date, for which the full retrospective approach was applied.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

13. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities/(assets)

Recognised deferred tax liabilities are attributable to the following:

	Group	
	2024 RM'000	2023 RM'000
Other investments at fair value through other comprehensive income ("FVOCI")	**7,498**	2,853
Other investments at fair value through profit or loss ("FVTPL")	**3,702**	3,863
Allowance for impairment	**(1)**	-
Insurance contracts and reinsurance contracts held	**27,672**	18,927
Right-of-use assets	**7,538**	8,441
Lease liabilities	**(8,085)**	(8,963)
	38,324	25,121

Movement in temporary differences during the financial year

Group	Note	Other investments at FVOCI RM'000	Other investments at FVTPL RM'000	Allowance for impairment RM'000	Insurance contracts and reinsurance contracts held RM'000	Right-of-use assets RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2023		3,099	(1,731)	-	7,216	-	-	8,584
Recognised in profit or loss	23	-	5,598	-	12,572	8,441	(8,963)	17,648
Recognised in other comprehensive income	23	(246)	-	-	(901)	-	-	(1,147)
Effect of movement in exchange rates		-	(4)	-	40	-	-	36
At 31 December 2023/1 January 2024		**2,853**	**3,863**	**-**	**18,927**	**8,441**	**(8,963)**	**25,121**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

13. DEFERRED TAX LIABILITIES (CONTINUED)

Movement in temporary differences during the financial year (continued)

Group	Note	Other investments at FVOCI RM'000	Other investments at FVTPL RM'000	Allowance for impairment RM'000	Insurance contracts and reinsurance contracts held RM'000	Right-of-use assets RM'000	Lease liabilities RM'000	Total RM'000
At 31 December 2023/1 January 2024		2,853	3,863	-	18,927	8,441	(8,963)	25,121
Recognised in profit or loss	23	-	(157)	(1)	8,707	(802)	775	8,522
Recognised in other comprehensive income	23	4,645	-	-	79	-	-	4,724
Effect of movement in exchange rates		-	(4)	-	(41)	(101)	103	(43)
At 31 December 2024		7,498	3,702	(1)	27,672	7,538	(8,085)	38,324

13.1 Material accounting policy information

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

14. LEASE LIABILITIES

Leases as lessee

	Group 2024 RM'000	Group 2023 RM'000
Lease liabilities are payable as follows:		
- Within next 12 months	7,081	6,780
- After next 12 months	28,933	33,523
	36,014	40,303

14. LEASE LIABILITIES (CONTINUED)

Leases as lessee (continued)

14.1 Reconciliation of movements in lease liabilities to cash flows arising from financing activities

	Note	Group 2024 RM'000	Group 2023 RM'000
At 1 January		40,303	45,384
Net changes from financing cash flows		(7,039)	(6,991)
Acquisition of new lease	3	3,355	1,028
Effect of movement in exchange rates		(605)	882
At 31 December		36,014	40,303

14.2 Amounts recognised in statements of cash flows

	Note	Group 2024 RM'000	Group 2023 RM'000
Included in net cash from operating activities:			
Interest on lease liabilities		(1,061)	(1,150)
Payment relating to short-term leases	21	(79)	(83)
Payment relating to leases of low-value assets	21	(503)	(502)
Included in net cash from financing activities:			
Payment of lease liabilities		(7,039)	(6,991)
Total cash outflows for leases		(8,682)	(8,726)

14.3 Maturity analysis

The maturity profile of the lease liabilities of the Group based on remaining undiscounted contractual obligations, including interest/profit payable are as follows:

	Group 2024 RM'000	Group 2023 RM'000
Up to one year	8,028	7,769
1 to 3 years	15,493	14,673
3 to 5 years	10,012	12,208
5 to 15 years	5,496	9,301
Total undiscounted lease liabilities at 31 December	39,029	43,951

The interest rate of the lease liabilities ranging from 0.8% to 10.9% (2023: 0.8% to 10.9%).

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FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

14. LEASE LIABILITIES (CONTINUED)

Leases as lessee (continued)

14.4 Material accounting policy information

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate.

15. OTHER PAYABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other payables	**987**	1,042	**-**	-
Accrued expenses	**6,802**	7,089	**2,071**	1,868
	7,789	8,131	**2,071**	1,868

The carrying amounts disclosed above approximate their fair values at the end of the reporting period.

16. OPERATING REVENUE

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Insurance revenue	17	**1,781,559**	1,781,921	**-**	-
Dividend income		**87,104**	67,872	**302,521**	249,764
Interest income (net of amortisation of premiums and accretion of discounts)		**57,121**	54,747	**2,228**	1,593
Rental of premises	4, 19(b)	**852**	876	**-**	-
		1,926,636	1,905,416	**304,749**	251,357

17. INSURANCE REVENUE

		Group	
	Note	2024 RM'000	2023 RM'000
Amounts relating to changes in liabilities for remaining coverage			
- Contractual service margin recognised for services provided	12(a)(ii)	**452,875**	404,300
- Change in risk adjustment for non-financial risk for risk expired		**144,951**	171,334
- Expected incurred claims and other insurance service expenses		**763,377**	864,726
- Other		**73,875**	9,779
Recovery of insurance acquisition cash flows	12(a)(i)	**346,481**	331,782
Total insurance revenue	12(a)(i), 16	**1,781,559**	1,781,921

18. INSURANCE SERVICE RESULT BY PORTFOLIO

		Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
Group	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Insurance revenue	12(a)(i), 17	**684,932**	759,730	**443,999**	397,610	**106,895**	103,362	**545,733**	521,219	**1,781,559**	1,781,921
Incurred claims	21	**(90,570)**	77,316	**(284,830)**	(239,713)	**(64,004)**	(86,838)	**(185,385)**	(177,535)	**(624,789)**	(426,770)
Other incurred insurance service expenses		**(20,996)**	(15,861)	**(26,826)**	(25,304)	**(4,023)**	(3,160)	**(27,431)**	(27,706)	**(79,276)**	(72,031)
Amortisation of commission expense		**(88,109)**	(89,487)	**(41,956)**	(37,386)	**(6,280)**	(6,108)	**(68,666)**	(66,058)	**(205,011)**	(199,039)
Amortisation of other insurance acquisition cash flows		**(46,399)**	(44,067)	**(44,334)**	(39,508)	**(8,502)**	(7,701)	**(42,235)**	(41,467)	**(141,470)**	(132,743)
Reversals of losses/(Losses) on onerous contracts	21	**401**	(401)	**36**	5,677	**60**	(10)	**(7,810)**	(1,691)	**(7,313)**	3,575
Insurance service expenses	12(a)(i), 21	**(245,673)**	(72,500)	**(397,910)**	(336,234)	**(82,749)**	(103,817)	**(331,527)**	(314,457)	**(1,057,859)**	(827,008)
Allocation of reinsurance premiums paid	12(b)(i)	**(197,529)**	(316,746)	**(23,387)**	(23,186)	**(78,868)**	(73,971)	**(196,562)**	(196,269)	**(496,346)**	(610,172)
Recoveries/(Reversals of recoveries) of incurred claims	12(b)(i)	**29,466**	(163,810)	**2,373**	(20,283)	**55,473**	82,282	**63,214**	51,317	**150,526**	(50,494)
(Reversals of recoveries)/Recoveries of losses on onerous underlying contracts		**(152)**	152	**(155)**	(730)	**(40)**	6	**242**	44	**(105)**	(528)
Net (expenses)/income from reinsurance contracts held	12(b)	**(168,215)**	(480,404)	**(21,169)**	(44,199)	**(23,435)**	8,317	**(133,106)**	(144,908)	**(345,925)**	(661,194)
Insurance service result		**271,044**	206,826	**24,920**	17,177	**711**	7,862	**81,100**	61,854	**377,775**	293,719

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

19. NET FINANCIAL RESULT

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

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Investment return					
Investment income	19(b)	**145,077**	123,495	**304,749**	251,357
Net fair value gains	19(c)	**1,097**	25,794	**-**	-
Net reversal of impairment loss on investments		**1**	1	**-**	-
Amount recognised in OCI					
- Debt instruments		**100**	-	**-**	-
- Equity instruments		**59,740**	(6,919)	**57,403**	(6,378)
Total investment return		**206,015**	142,371	**362,152**	244,979
Net finance expenses from insurance contracts					
Interest accreted		**(71,569)**	(71,182)	**-**	-
Effect of changes in interest rates and other financial assumptions		**5,397**	(8,033)	**-**	-
Effect of measuring changes in estimates at current rates and adjusting the contractual service margin at rates on initial recognition		**(1,882)**	(993)	**-**	-
Total net finance expenses from insurance contracts	19(a)	**(68,054)**	(80,208)	**-**	-
Net finance income from reinsurance contracts held					
Interest accreted		**32,363**	38,730	**-**	-
Other		**(3,843)**	5,559	**-**	-
Total net finance income from reinsurance contracts held	19(a)	**28,520**	44,289	**-**	-
		166,481	106,452	**362,152**	244,979
Represented by:					
Amounts recognised in profit or loss		**106,969**	116,838	**304,749**	251,357
Amounts recognised in OCI		**59,512**	(10,386)	**57,403**	(6,378)
		166,481	106,452	**362,152**	244,979

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

19. NET FINANCIAL RESULT (CONTINUED)

(a) Insurance finance income and expenses

Group	Note	2024 RM'000	2023 RM'000
Net finance (expenses)/income from insurance contracts			
Recognised in profit or loss		**(71,569)**	(71,182)
Recognised in OCI		**3,515**	(9,026)
	12(a)	**(68,054)**	(80,208)
Net finance income/(expenses) from reinsurance contracts held			
Recognised in profit or loss		**32,363**	38,730
Recognised in OCI		**(3,843)**	5,559
	12(b)	**28,520**	44,289

(b) Investment income

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Fair value through other comprehensive income financial assets					
Dividend income					
- Equity securities quoted in Malaysia	30(a)	**44,026**	30,869	**42,521**	29,764
Interest income/profit income					
- Corporate bonds and sukuk		**605**	-	**-**	-
Accretion of discounts, net of amortisation of premiums		**7**	-	**-**	-
Fair value through profit or loss financial assets					
Dividend income					
- Equity securities quoted outside Malaysia		**312**	267	**-**	-
- Unquoted equity securities in Malaysia		**24**	47	**-**	-
- Unit trusts		**42,500**	36,423	**-**	-
- Real estate investment trusts		**214**	230	**-**	-
- Exchange-traded fund		**28**	36	**-**	-
Interest/profit income					
- Corporate bonds and sukuk		**13,704**	10,007	**-**	-
Amortisation of premiums, net of accretion of discounts		**(42)**	(43)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

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19. NET FINANCIAL RESULT (CONTINUED)

(b) Investment income (continued)

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Amortised cost					
Interest/profit income					
- Malaysian government securities		**566**	568	**-**	-
- Government investment issues		**1,460**	1,447	**-**	-
- Malaysian government guaranteed loans		**3,014**	3,345	**-**	-
- Corporate bonds and sukuk		**1,711**	1,843	**-**	-
- Fixed and call deposits		**36,247**	37,720	**2,228**	1,593
Amortisation of premiums, net of accretion of discounts		**(151)**	(140)	**-**	-
Dividend income from unquoted subsidiary	30(a)	**-**	-	**260,000**	220,000
Rental of properties received from third parties	4, 16	**852**	876	**-**	-
Total investment income		**145,077**	123,495	**304,749**	251,357

(c) Net fair value gains and losses

	Note	Group 2024 RM'000	Group 2023 RM'000
Fair value gains for:			
Investment properties	4	**660**	1,825
Fair value through profit or loss financial assets			
Equity securities in corporations			
- Quoted outside Malaysia		**886**	439
- Unquoted in Malaysia		**52**	103
Unit trusts in Malaysia		**-**	18,586
Real estate investment trusts			
- Quoted in Malaysia		**370**	94
- Quoted outside Malaysia		**7**	-
Exchange-traded fund			
- Quoted outside Malaysia		**-**	4
Corporate bonds and sukuk			
- Unquoted in Malaysia		**559**	4,597
- Unquoted outside Malaysia		**54**	146
		2,588	25,794

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

19. NET FINANCIAL RESULT (CONTINUED)

(c) Net fair value gains and losses (continued)

	Note	Group 2024 RM'000	Group 2023 RM'000
Fair value losses for:			
Fair value through profit or loss financial assets			
Unit trusts in Malaysia		**(1,423)**	-
Exchange-traded fund			
- Quoted outside Malaysia		**(68)**	-
		(1,491)	-
Net fair value gains		**1,097**	25,794

20. OTHER INCOME

	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Interest on staff car loans	**-**	1	**-**	-
Interest on staff housing loans	**221**	265	**-**	-
Interest on bank balance	**272**	35	**-**	-
Gain on disposal of plant and equipment	**276**	561	**93**	-
Sundry income	**4,437**	3,073	**-**	-
	5,206	3,935	**93**	-

21. EXPENSES

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Personnel expenses (including key management personnel)					
Company's Directors					
- Directors' fees	22	**1,895**	2,130	**1,314**	1,290
- Board Committees' Chairman fees	22	**140**	70	**105**	35
- Directors' remuneration	22	**4,822**	4,393	**4,586**	3,985

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FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

21. EXPENSES (CONTINUED)

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Subsidiary's Directors					
- Directors' fees	22	**1,105**	900	**-**	-
- Board Committees' Chairman fees	22	**140**	105	**-**	-
- Directors' remuneration	22	**3,134**	2,648	**-**	-
Wages, salaries and others		**152,785**	138,806	**840**	769
Contributions to Employees' Provident Fund		**20,130**	15,165	**115**	85
		184,151	164,217	**6,960**	6,164
Auditors' remuneration					
Auditors of the Company					
- Statutory audit		**615**	995	**105**	105
- Regulatory related services*		**110**	110	**-**	-
- Other services		**5**	5	**5**	5
Affiliates of auditors of the Company					
- Statutory audit		**560**	895	**-**	-
- Other services		**76**	124	**9**	17
Incurred claims	18	**624,789**	426,770	**-**	-
Commissions		**213,430**	202,843	**-**	-
Losses/(Reversal of losses) on onerous insurance contracts	18	**7,313**	(3,575)	**-**	-
Depreciation of plant and equipment	2	**2,614**	2,516	**85**	1
Depreciation of right-of-use assets	3	**7,168**	7,212	**-**	-
Amortisation of intangible assets	5	**1,458**	2,778	**-**	7
Expenses relating to short-term leases	14.2	**79**	83	**47**	47
Expenses relating to leases of low-value assets	14.2	**503**	502	**-**	-
Realised foreign exchange (gain)/loss		**(220)**	101	**-**	-
Unrealised foreign exchange gain		**(1,249)**	(27)	**-**	-
Write off of plant and equipment		**-**	3	**-**	2
Other expenses		**61,800**	45,288	**1,647**	1,394
		1,103,202	850,840	**8,858**	7,742
Amounts attributed to insurance acquisition cash flows incurred during the year		**(374,955)**	(335,386)	**-**	-
Amortisation of insurance acquisition cash flows	12(a)(i)	**346,481**	331,782	**-**	-
		1,074,728	847,236	**8,858**	7,742
Represented by:					
Insurance service expenses	12(a)(i), 18	**1,057,859**	827,008	**-**	-
Other operating expenses		**16,869**	20,228	**8,858**	7,742
		1,074,728	847,236	**8,858**	7,742

* Regulatory related services refer to limited review on subsidiary's interim financial statements and other services.

22. KEY MANAGEMENT PERSONNEL COMPENSATION

The total remuneration (including benefits-in-kind) of the Directors and other key management personnel are as follows:

Group	Fees RM'000	Board Committees' Chairman fees RM'000	Salary RM'000	Bonus RM'000	EPF RM'000	Other RM'000	Benefits-in-kind RM'000	Total RM'000
2024								
Directors								
Executive Director and Chief Executive Officer								
- Tan Kok Guan	182	-	1,687	1,969	540	15	30	4,423
Non-Executive Directors								
- Tee Choon Yeow	660	35	-	-	-	171	-	866
- Lee Chin Guan (cessation on 27 January 2025)	334	35	-	-	-	148	-	517
- Chan Kwai Hoe (cessation on 30 June 2024)	189	35	-	-	-	83	-	307
- Soo Chow Lai	182	-	-	-	-	76	-	258
- Dato' Chia Lee Kee	182	-	-	-	-	76	-	258
- Mohamed Raslan Bin Abdul Rahman (appointed on 31 January 2024)	166	35	-	-	-	57	-	258
	1,713	140	-	-	-	611	-	2,464
Total Directors' remuneration (including benefits-in-kind)	1,895	140	1,687	1,969	540	626	30	6,887
Other key management personnel								
Executive Director and Chief Executive Officer of subsidiary								
- Looi Kong Meng	198	-	1,147	1,147	339	19	33	2,883
Non-Executive Directors of subsidiary								
- Mohd Suffian Bin Haji Haron	198	35	-	-	-	111	-	344
- Wong Ah Kow	198	35	-	-	-	107	-	340
- Ng Chwe Hwa	198	35	-	-	-	110	-	343
- Woo Chew Hong	198	35	-	-	-	96	-	329
- Dato' Dr Fauziah Binti Mohd Taib (appointed on 1 June 2024)	115	-	-	-	-	58	-	173
	907	140	-	-	-	482	-	1,529
Total other key management personnel remuneration (including benefits-in-kind)	1,105	140	1,147	1,147	339	501	33	4,412
Total Directors' and other key management personnel remuneration (including benefits-in-kind)	3,000	280	2,834	3,116	879	1,127	63	11,299

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FOR THE YEAR ENDED 31 DECEMBER 2024

22. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Directors and other key management personnel are as follows (continued):

Group	Fees RM'000	Board Committees' Chairman fees RM'000	Salary RM'000	Bonus RM'000	EPF RM'000	Other RM'000	Benefits-in-kind RM'000	Total RM'000
2023								
Directors								
Executive Director and Chief Executive Officer								
- Tan Kok Guan	165	-	1,572	1,670	389	11	24	3,831
Non-Executive Directors								
- Tee Choon Yeow	600	-	-	-	-	165	-	765
- Lee Chin Guan (cessation on 27 January 2025)	345	35	-	-	-	162	-	542
- Quah Poh Keat (cessation on 1 January 2024)	345	-	-	-	-	149	-	494
- Chan Kwai Hoe (cessation on 30 June 2024)	345	35	-	-	-	159	-	539
- Soo Chow Lai	165	-	-	-	-	58	-	223
- Dato' Chia Lee Kee	165	-	-	-	-	58	-	223
	1,965	70	-	-	-	751	-	2,786
Total Directors' remuneration (including benefits-in-kind)	2,130	70	1,572	1,670	389	762	24	6,617
Other key management personnel								
Executive Director and Chief Executive Officer of subsidiary								
- Looi Kong Meng	180	-	1,068	912	238	19	23	2,440
Non-Executive Directors of subsidiary								
- Mohd Suffian Bin Haji Haron	180	35	-	-	-	108	-	323
- Wong Ah Kow	180	35	-	-	-	102	-	317
- Ng Chwe Hwa	180	-	-	-	-	108	-	288
- Woo Chew Hong	180	35	-	-	-	93	-	308
	720	105	-	-	-	411	-	1,236
Total other key management personnel remuneration (including benefits-in-kind)	900	105	1,068	912	238	430	23	3,676
Total Directors' and other key management personnel remuneration (including benefits-in-kind)	3,030	175	2,640	2,582	627	1,192	47	10,293

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22. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Directors and other key management personnel are as follows (continued):

Company	Fees RM'000	Board Committees' Chairman fees RM'000	Salary RM'000	Bonus RM'000	EPF RM'000	Other RM'000	Benefits-in-kind RM'000	Total RM'000
2024								
Executive Director and Chief Executive Officer								
- Tan Kok Guan	**182**	**-**	**1,687**	**1,969**	**540**	**15**	**30**	**4,423**
Non-Executive Directors								
- Tee Choon Yeow	**330**	**35**	**-**	**-**	**-**	**60**	**-**	**425**
- Lee Chin Guan (cessation on 27 January 2025)	**182**	**35**	**-**	**-**	**-**	**72**	**-**	**289**
- Chan Kwai Hoe (cessation on 30 June 2024)	**90**	**-**	**-**	**-**	**-**	**34**	**-**	**124**
- Soo Chow Lai	**182**	**-**	**-**	**-**	**-**	**76**	**-**	**258**
- Dato' Chia Lee Kee	**182**	**-**	**-**	**-**	**-**	**76**	**-**	**258**
- Mohamed Raslan Bin Abdul Rahman (appointed on 31 January 2024)	**166**	**35**	**-**	**-**	**-**	**57**	**-**	**258**
	1,132	**105**	**-**	**-**	**-**	**375**	**-**	**1,612**
Total Directors' remuneration (including benefits-in-kind)	**1,314**	**105**	**1,687**	**1,969**	**540**	**390**	**30**	**6,035**

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22. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Directors and other key management personnel are as follows (continued):

Company	Fees RM'000	Board Committees' Chairman fees RM'000	Salary RM'000	Bonus RM'000	EPF RM'000	Other RM'000	Benefits-in-kind RM'000	Total RM'000
2023								
Executive Director and Chief Executive Officer								
- Tan Kok Guan	165	-	1,572	1,670	389	11	24	3,831
Non-Executive Directors								
- Tee Choon Yeow	300	-	-	-	-	57	-	357
- Lee Chin Guan (cessation on 27 January 2025)	165	35	-	-	-	60	-	260
- Quah Poh Keat (cessation on 1 January 2024)	165	-	-	-	-	50	-	215
- Chan Kwai Hoe (cessation on 30 June 2024)	165	-	-	-	-	60	-	225
- Soo Chow Lai	165	-	-	-	-	58	-	223
- Dato' Chia Lee Kee	165	-	-	-	-	58	-	223
	1,125	35	-	-	-	343	-	1,503
Total Directors' remuneration (including benefits-in-kind)	1,290	35	1,572	1,670	389	354	24	5,334

23. TAX EXPENSE

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Recognised in profit or loss					
Current tax expense					
Malaysian					
- current year		**91,523**	63,371	**523**	371
- prior years		**(5,029)**	(1,768)	**(1)**	-
Overseas					
- current year		**2,240**	1,956	**-**	-
- prior years		**(222)**	-	**-**	-
Total current tax recognised in profit or loss		**88,512**	63,559	**522**	371
Deferred tax expense					
Malaysian					
- origination and reversal of temporary differences		**7,989**	17,464	**-**	-
Overseas					
- origination and reversal of temporary differences		**533**	184	**-**	-
Total deferred tax recognised in profit or loss	13	**8,522**	17,648	**-**	-
Tax expense		**97,034**	81,207	**522**	371
Share of tax of equity accounted associated company		**227**	207	**-**	-
Total income tax expense		**97,261**	81,414	**522**	371
Reconciliation of tax expense					
Profit for the year		**377,091**	313,726	**295,462**	243,244
Total taxation		**97,261**	81,414	**522**	371
Profit excluding tax		**474,352**	395,140	**295,984**	243,615
Income tax using Malaysian tax rate of 24% (2023: 24%)		**113,845**	94,833	**71,036**	58,467
Effect of lower tax rates for reinsurance inwards		**-**	(1,144)	**-**	-
Difference in effective tax rate of equity accounted associated company		**(333)**	(279)	**-**	-
Non-deductible expenses		**7,886**	4,566	**2,112**	1,848
Tax exempt income		**(20,592)**	(16,993)	**(72,625)**	(59,944)
Other items		**1,706**	2,199	**-**	-
		102,512	83,182	**523**	371
Over provision in prior years		**(5,251)**	(1,768)	**(1)**	-
Total income tax expense		**97,261**	81,414	**522**	371

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FOR THE YEAR ENDED 31 DECEMBER 2024

23. TAX EXPENSE (CONTINUED)

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Recognised in other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Fair value through other comprehensive income financial assets					
- Deferred tax		**15**	-	-	-
Net finance income/(expenses) from insurance contracts					
- Deferred tax		**1,034**	(2,249)	-	-
Net finance (expenses)/income from reinsurance contracts held					
- Deferred tax		**(955)**	1,348	-	-
	13	**94**	(901)	-	-
Items that will not be reclassified to profit or loss					
Fair value through other comprehensive income financial assets					
- Deferred tax	13	**4,630**	(246)	-	-
- Current tax		**2,439**	-	-	-
		7,069	(246)	-	-
		7,163	(1,147)	-	-

24. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to owners of the Group of RM377,091,000 (2023: RM313,726,000) and the weighted average number of ordinary shares outstanding during the year of 398,382,753 (2023: 398,382,753).

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary shares as there are no dilutive potential ordinary shares at 31 December 2024 and 31 December 2023.

25. DIVIDENDS

Dividends recognised in the current year by the Company as appropriation of profits are as follows:

	Sen per share	Total amount RM'000	Date of payment
2024			
Second interim 2023 ordinary	**40.00**	**159,353**	**20 March 2024**
First interim 2024 ordinary	**30.00**	**119,515**	**13 September 2024**
Total amount		**278,868**	
2023			
Second interim 2022 ordinary	35.00	139,434	2 March 2023
First interim 2023 ordinary	26.00	103,579	20 September 2023
Total amount		243,013	

After the reporting period the following dividends were proposed by the Directors:

	Group and Company Sen per share	Group and Company Total amount RM'000
Second interim 2024 ordinary single tier	50.00	**199,191**

The dividend will be payable on 25 March 2025 and will be recognised in subsequent financial period. The Directors do not propose any final dividend for the financial year ended 31 December 2024.

26. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Company's Chief Executive Officer (the chief operating decision maker) reviews internal management reports on a monthly basis. Inter-segment pricing, if any, is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal management reports that are reviewed by the Company's Chief Executive Officer. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

26. OPERATING SEGMENTS (CONTINUED)

Business segments

The Group comprises the following main business segments:

General insurance - Underwriting of all classes of general insurance business, mainly carried out by Lonpac Insurance Bhd

Investment holding - Investment holding operations, mainly carried out by LPI Capital Bhd

	General insurance		Investment holding		Total	
Group	**2024 RM'000**	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Business segments						
External revenue	**1,881,887**	1,874,059	**44,749**	31,357	**1,926,636**	1,905,416
Inter-segment revenue	**-**	-	**260,000**	220,000	**260,000**	220,000
Total revenue	**1,881,887**	1,874,059	**304,749**	251,357	**2,186,636**	2,125,416
Segment profit before tax	**438,141**	371,318	**295,984**	243,615	**734,125**	614,933
Segment assets	**3,756,917**	3,615,138	**1,228,157**	1,153,880	**4,985,074**	4,769,018
Segment liabilities	**(2,360,527)**	(2,283,537)	**(2,247)**	(1,967)	**(2,362,774)**	(2,285,504)

	Malaysia		Outside Malaysia		Eliminations		Consolidated	
Group	**2024 RM'000**	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Geographical segments by location of customers/assets								
Revenue from external customers	**1,781,978**	1,748,656	**144,658**	156,760	**-**	-	**1,926,636**	1,905,416
Segment assets	**4,508,242**	4,282,082	**433,648**	438,697	**(156,816)**	(151,761)	**4,785,074**	4,569,018

26. OPERATING SEGMENTS (CONTINUED)

Reconciliation of reportable segment revenue, profit and assets.

Group	2024 RM'000	2023 RM'000
Revenue		
Total revenue for reportable segments	**2,186,636**	2,125,416
Elimination of inter-segment revenue	**(260,000)**	(220,000)
Consolidated revenue	**1,926,636**	1,905,416
Profit		
Total profit for reportable segments	**734,125**	614,933
Elimination of inter-segment profit	**(260,000)**	(220,000)
Consolidated profit before tax	**474,125**	394,933
Assets		
Total assets for reportable segments	**4,985,074**	4,769,018
Elimination of inter-segment assets	**(200,000)**	(200,000)
Consolidated assets	**4,785,074**	4,569,018

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group has established a structured approach within its Risk Management and Internal Control Framework which is used to conduct a comprehensive risk assessment of every individual risk identified, with sustainability element considered, each with its own unique set of characteristics and operational implications.

The Risk Matrix was utilised to identify the short-term and long-term impact and the likelihood of each individual risk as it gives a simple visual summary of the materiality of the risks being analysed. The Risk Matrix helps the Group to determine how best to utilise its resources to manage its risks at an enterprise level.

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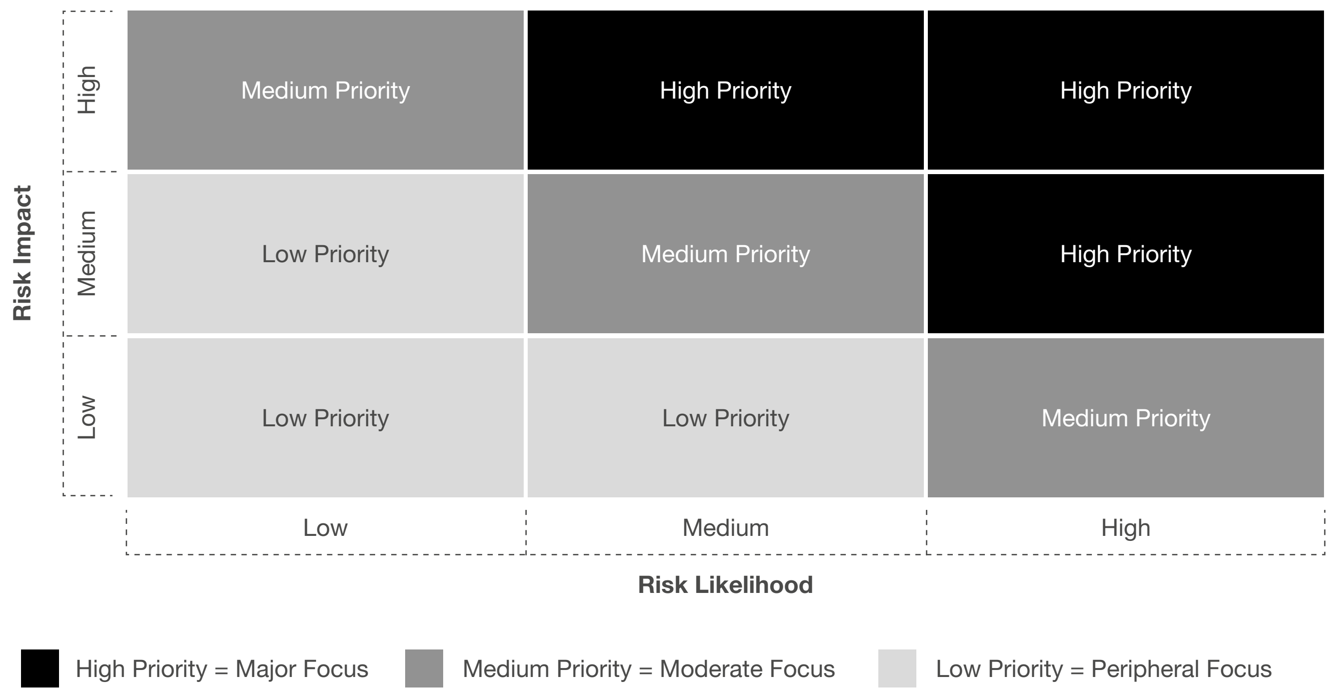
27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

The Risk Matrix is shown as below:



The risks that fall under the top right corner of the matrix should be given high priority, that is the Group should direct a significant proportion of its resources to manage these risks. The risks that fall along the diagonal line from top left corner to bottom right corner are considered as medium priority and are managed accordingly. The risks at the bottom left corner are considered as low priority risks but are still monitored with a peripheral focus.

27.1 Insurance risk

The Group underwrites various general insurance contracts, which are mostly on an annual coverage and annual premium basis, with the exception of short-term policies such as Marine Cargo which covers the duration in which the cargo is being transported. Some of the policies are guaranteed renewable, such as the Medical products which are subject to a pricing review once in every three or five years. The Group also underwrites some non-annual policies with coverage period more than one year such as Mortgage Reducing Personal Accident, Contractor's All Risk and Engineering, Bonds and Workmen Compensation. The majority of the insurance businesses written by the Group are Fire and Motor. Other major lines of business include Contractor's All Risk and Engineering, Medical Expenses, Liabilities and other miscellaneous classes. Through the underwriting of these insurance contracts, the Group is exposed to various types of risks, with insurance risk being the primary risk.

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Insurance risk is the risk of financial losses arising from higher than expected claims amount and the inadequacy of insurance contract liabilities reserves. By underwriting insurance contracts, the Group takes on insurance risk by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain future events. The principal risk the Group faces under insurance contracts is that the actual claims and benefits payments differ from expectations; the risks arise from the fluctuations in timing, frequency and severity of claims; as well as the adequacy of premiums and reserves.

The Group is also exposed to risks arising from climate changes, natural disasters, terrorism activities, regulatory changes such as the phased liberalisation of motor and fire tariff and pandemic events such as the COVID-19 pandemic. For longer tail claims that take some years to settle, there is also the added concern of inflation risk.

The Group's objectives of managing insurance risks are to enhance the long-term financial performance of the business to achieve sustainable growth in profitability, strong asset quality and to continually optimise shareholders' value. The Group seeks to write those risks that it understands and that provide a reasonable opportunity to earn an acceptable profit.

The Group's underwriting strategy is intended to ensure that the risks underwritten are well diversified across a large portfolio of insurance contracts and geographical areas. The variability of risks is managed by the selection and implementation of underwriting strategic guidelines, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits.

The Group adopts the following measures to manage the insurance risks:

- The Group adopts an underwriting policy that aims to take advantage of its competitive strengths while avoiding risks with disruptive volatility to ensure underwriting profitability. Acceptance of risk is guided by a set of underwriting guidelines with set limits on underwriting capacity and authority to individuals based on their specific expertise. Product Development, Pricing and Re-Pricing Policy has been established to provide a structured product development process to promote sound risk management practices in managing and controlling product and insurance risks.

- The Group has in place a claims management and control system to pay claims and control claim overpayment or fraud. The Group has claim review policies to assess new and ongoing claims. Reviews of claims handling procedures and investigation of possible fraudulent claims are conducted to reduce the risk exposure of the Group. The Group also enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that may impact the business in a negative manner.

- The Group purchases reinsurance as part of its risks mitigation programme. The objectives for purchasing reinsurance are to provide market-leading capacity for the Group's customers while protecting the statements of financial position and optimising the Group's capital efficiency. Reinsurance is ceded on both proportional and non-proportional basis. The Group's placement of reinsurance is well diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract held.

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

The table below sets out the concentration of the Group's general insurance business by type of product based on gross and net insurance revenues.

Group	2024 Gross RM'000	2024 Reinsurance RM'000	2024 Net RM'000	2023 Gross RM'000	2023 Reinsurance RM'000	2023 Net RM'000
Motor	**443,999**	**(23,387)**	**420,612**	397,610	(23,186)	374,424
Fire	**684,932**	**(197,529)**	**487,403**	759,730	(316,746)	442,984
Marine, aviation and transit	**106,895**	**(78,868)**	**28,027**	103,362	(73,971)	29,391
Miscellaneous	**545,733**	**(196,562)**	**349,171**	521,219	(196,269)	324,950
	1,781,559	**(496,346)**	**1,285,213**	1,781,921	(610,172)	1,171,749

The table below sets out the concentration of the Group's insurance contract liabilities and reinsurance contract assets by type of product.

Group	2024 Gross RM'000	2024 Reinsurance RM'000	2024 Net RM'000	2023 Gross RM'000	2023 Reinsurance RM'000	2023 Net RM'000
Motor	**722,726**	**(41,951)**	**680,775**	707,649	(50,321)	657,328
Fire	**457,903**	**(196,673)**	**261,230**	461,927	(189,090)	272,837
Marine, aviation and transit	**344,530**	**(327,395)**	**17,135**	294,162	(281,178)	12,984
Miscellaneous	**731,825**	**(314,013)**	**417,812**	736,082	(357,379)	378,703
	2,256,984	**(880,032)**	**1,376,952**	2,199,820	(877,968)	1,321,852

Key assumptions

The principal assumption underlying the estimation of liabilities is that the Group's future claims development will follow a similar pattern to past claims development experience.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in the market and economic conditions, as well as internal factors, such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors may affect the estimates, such as the impact of COVID-19 pandemic.

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Sensitivities

The actuary re-runs his valuation models on various bases. An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Group's estimation process in respect of its insurance contracts. The information in the table below demonstrates the sensitivity of the insurance contract liabilities estimates to a defined movement in key assumptions of the estimation process.

The sensitivity analysis is performed across key assumptions with all other assumptions held constant, showing the impact on contractual service margin ("CSM"), profit before tax and equity. The correlation of assumptions may have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

Group	Change in assumptions*	Impact on CSM Gross RM'000	Impact on CSM Net RM'000	Impact on profit before tax Gross RM'000	Impact on profit before tax Net RM'000	Impact on equity** Gross RM'000	Impact on equity** Net RM'000
2024							
Unpaid claims***	**+5%**	**(6,576)**	**(3,204)**	**(91,517)**	**(51,082)**	**(69,851)**	**(38,955)**
Unpaid claims	**-5%**	**6,668**	**3,294**	**91,424**	**50,992**	**69,781**	**38,887**
Expenses****	**+5%**	**(902)**	**(919)**	**(2,941)**	**(2,924)**	**(2,242)**	**(2,229)**
Expenses	**-5%**	**902**	**919**	**2,941**	**2,924**	**2,242**	**2,229**
2023							
Unpaid claims***	+5%	(6,640)	(3,750)	(91,569)	(49,436)	(69,897)	(37,691)
Unpaid claims	-5%	6,753	3,861	91,456	49,325	69,811	37,606
Expenses****	+5%	(818)	(834)	(2,848)	(2,832)	(2,167)	(2,155)
Expenses	-5%	818	834	2,848	2,832	2,167	2,155

* Stress is a multiplicative function.
** Impact on equity reflects adjustments for tax, when applicable.
*** The unpaid claims on the gross basis refer to unpaid claims of both the liabilities for incurred claims and liabilities for remaining coverage. However, for the unpaid claims on the net basis, the amounts were net of both the assets for incurred claims and assets for remaining coverage.
**** The expenses refer to the expense provision of both the liabilities for incurred claims and liabilities for remaining coverage.

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Sensitivities (continued)

Changes in these key assumptions mainly affect the CSM, profit before tax and equity as follows:

- CSM
  - Changes in fulfilment cash flows not relating to any loss components, other than those recognised as insurance finance income or expenses.

- Profit before tax
  - Changes in fulfilment cash flows relating to loss components.
  - Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.

- Equity
  - Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in other comprehensive income.
  - The effect on profit before tax above.

Claims development table

The following tables show the Group's estimates of cumulative incurred claims for its Motor and Non-motor business, including both claims notified and incurred but not yet reported for each successive accident year at the end of each reporting period, together with cumulative payments to date. The cumulative claims estimates and cumulative payments for Singapore Branch are translated to RM at the exchange rate applied at the end of the financial year.

While the information in the tables provides a historical perspective on the adequacy of the unpaid claims estimate established in previous years, users of these financial statements are cautioned against extrapolating any redundancies or deficiencies of the past on current unpaid claim balances.

The management of the Group believes that the estimate of total claims outstanding as of 31 December 2024 is adequate. However, due to the inherent uncertainties in the future development of claims, it cannot be fully assured that such balances will ultimately prove to be adequate.

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2024:

Group - Motor

Accident year	2016 and prior RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
Estimates of undiscounted gross cumulative claims										
At end of accident year		233,704	253,152	262,672	241,053	234,807	319,319	333,097	363,624	-
One year later		222,874	249,092	275,283	241,794	241,127	303,869	317,463	-	-
Two years later		219,253	250,041	298,870	248,666	216,065	272,542	-	-	-
Three years later		217,918	250,146	285,008	234,992	204,978	-	-	-	-
Four years later		218,024	247,831	280,270	231,915	-	-	-	-	-
Five years later		217,386	247,261	275,909	-	-	-	-	-	-
Six years later		212,255	240,381	-	-	-	-	-	-	-
Seven years later		210,538	-	-	-	-	-	-	-	-
Cumulative gross claims paid		(208,861)	(234,667)	(261,043)	(212,688)	(178,601)	(211,323)	(198,984)	(143,000)	-
Gross liabilities (direct and facultative)	413	1,677	5,714	14,866	19,227	26,377	61,219	118,479	220,624	468,596

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2024 (continued):

Group - Motor

Accident year	2016 and prior RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
Gross liabilities (treaty inwards)										1
Gross liabilities (Malaysian motor insurance pool)										8,678
Best estimate of claims liabilities										477,275
Claims handling expenses										6,190
Risk adjustment										47,105
Claims payable										(1,398)
Effect of discounting										(25,201)
Gross liabilities for incurred claims										503,971

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2023:

Group - Motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Estimates of undiscounted gross cumulative claims										
At end of accident year		227,212	233,704	253,152	262,672	241,053	234,807	319,319	333,097	-
One year later		220,901	222,874	249,092	275,283	241,794	241,127	303,869	-	-
Two years later		220,560	219,253	250,041	298,870	248,666	216,065	-	-	-
Three years later		220,391	217,918	250,146	285,008	234,992	-	-	-	-
Four years later		217,234	218,024	247,831	280,270	-	-	-	-	-
Five years later		216,578	217,386	247,261	-	-	-	-	-	-
Six years later		212,943	212,255	-	-	-	-	-	-	-
Seven years later		213,981	-	-	-	-	-	-	-	-
Cumulative gross claims paid		(212,422)	(208,512)	(232,795)	(258,989)	(200,017)	(166,057)	(176,106)	(121,128)	-
Gross liabilities (direct and facultative)	168	1,559	3,743	14,466	21,281	34,975	50,008	127,763	211,969	465,932

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2023 (continued):

Group - Motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Gross liabilities (treaty inwards)										43
Gross liabilities (Malaysian motor insurance pool)										12,123
Best estimate of claims liabilities										478,098
Claims handling expenses										5,946
Risk adjustment										47,869
Claims payable										(922)
Effect of discounting										(25,155)
Gross liabilities for incurred claims										505,836

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2024:

Group - Non-motor

Accident year	2016 and prior RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
Estimates of undiscounted gross cumulative claims										
At end of accident year		313,989	392,402	554,395	381,115	635,452	550,429	446,118	495,171	-
One year later		285,905	348,564	511,334	387,587	702,932	455,127	468,094	-	-
Two years later		273,127	335,641	490,406	554,332	641,030	391,387	-	-	-
Three years later		265,158	317,772	368,291	539,758	615,453	-	-	-	-
Four years later		261,021	449,940	364,830	516,487	-	-	-	-	-
Five years later		316,708	442,557	356,787	-	-	-	-	-	-
Six years later		311,891	414,161	-	-	-	-	-	-	-
Seven years later		304,028	-	-	-	-	-	-	-	-
Cumulative gross claims paid		(299,162)	(407,847)	(319,411)	(392,958)	(586,399)	(289,471)	(294,624)	(192,792)	-
Gross liabilities (direct and facultative)	6,984	4,866	6,314	37,376	123,529	29,054	101,916	173,470	302,379	785,888

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2024 (continued):

Group - Non-motor

Accident year	2016 and prior RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
Gross liabilities (treaty inwards)										271
Best estimate of claims liabilities										786,159
Claims handling expenses										12,931
Risk adjustment										122,927
Claims payable										(868)
Effect of discounting										(27,210)
Gross liabilities for incurred claims										**893,939**

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2023:

Group - Non-motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Estimates of undiscounted gross cumulative claims										
At end of accident year		301,675	313,989	392,402	554,395	381,115	635,452	550,429	446,118	-
One year later		349,588	285,905	348,564	511,334	387,587	702,932	455,127	-	-
Two years later		299,038	273,127	335,641	490,406	554,332	641,030	-	-	-
Three years later		286,071	265,158	317,772	368,291	539,758	-	-	-	-
Four years later		282,175	261,021	449,940	364,830	-	-	-	-	-
Five years later		282,532	316,708	442,557	-	-	-	-	-	-
Six years later		256,476	311,891	-	-	-	-	-	-	-
Seven years later		254,522	-	-	-	-	-	-	-	-
Cumulative gross claims paid		(250,562)	(299,262)	(388,620)	(317,995)	(392,752)	(543,510)	(265,242)	(193,034)	-
Gross liabilities (direct and facultative)	8,276	3,960	12,629	53,937	46,835	147,006	97,520	189,885	253,084	813,132

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2023 (continued):

Group - Non-motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Gross liabilities (treaty inwards)										392
Best estimate of claims liabilities										813,524
Claims handling expenses										14,478
Risk adjustment										127,480
Claims payable										(2,647)
Effect of discounting										(25,811)
Gross liabilities for incurred claims										927,024

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2024:

Group - Motor

Accident year	2016 and prior RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
Estimates of undiscounted net cumulative claims										
At end of accident year		204,560	234,092	253,971	232,211	225,698	294,193	317,164	351,407	-
One year later		195,522	230,422	261,199	225,304	218,470	287,129	306,425	-	-
Two years later		190,842	229,833	262,770	223,869	205,872	260,851	-	-	-
Three years later		189,544	226,738	260,403	218,635	197,011	-	-	-	-
Four years later		188,267	225,163	256,864	212,548	-	-	-	-	-
Five years later		188,568	224,404	252,509	-	-	-	-	-	-
Six years later		183,928	218,192	-	-	-	-	-	-	-
Seven years later		182,467	-	-	-	-	-	-	-	-
Cumulative net claims paid		(181,302)	(214,568)	(243,339)	(198,110)	(173,467)	(203,569)	(193,935)	(139,367)	-
Net liabilities (direct and facultative)	349	1,165	3,624	9,170	14,438	23,544	57,282	112,490	212,040	434,102

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2024 (continued):

Group - Motor

Accident year	2016 and prior RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
Net liabilities (treaty inwards)										1
Net liabilities (Malaysian motor insurance pool)										8,678
Best estimate of claims liabilities										442,781
Claims handling expenses										6,190
Risk adjustment										42,277
Claims payable										(7,098)
Expected credit loss										150
Effect of discounting										(23,737)
Net liabilities for incurred claims										**460,563**

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2023:

Group - Motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Estimates of undiscounted net cumulative claims										
At end of accident year		182,729	204,560	234,092	253,971	232,211	225,698	294,193	317,164	-
One year later		179,545	195,522	230,422	261,199	225,304	218,470	287,129	-	-
Two years later		175,446	190,842	229,833	262,770	223,869	205,872	-	-	-
Three years later		173,301	189,544	226,738	260,403	218,635	-	-	-	-
Four years later		171,596	188,267	225,163	256,864	-	-	-	-	-
Five years later		170,523	188,568	224,404	-	-	-	-	-	-
Six years later		167,392	183,928	-	-	-	-	-	-	-
Seven years later		168,006	-	-	-	-	-	-	-	-
Cumulative net claims paid		(167,044)	(180,921)	(212,756)	(241,379)	(188,160)	(161,787)	(171,423)	(118,032)	-
Net liabilities (direct and facultative)	126	962	3,007	11,648	15,485	30,475	44,085	115,706	199,132	420,626

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2023 (continued):

Group - Motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Net liabilities (treaty inwards)										43
Net liabilities (Malaysian motor insurance pool)										12,123
Best estimate of claims liabilities										432,792
Claims handling expenses										5,946
Risk adjustment										41,444
Claims payable										(3,439)
Expected credit loss										80
Effect of discounting										(22,733)
Net liabilities for incurred claims										454,090

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2024:

Group - Non-motor

Accident year	2016 and prior RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
Estimates of undiscounted net cumulative claims										
At end of accident year		170,174	203,242	209,493	193,850	190,023	207,492	238,966	235,355	-
One year later		157,510	206,322	197,714	178,789	180,864	199,195	223,665	-	-
Two years later		153,574	204,663	196,591	168,880	182,431	192,233	-	-	-
Three years later		151,576	196,866	199,878	163,295	178,625	-	-	-	-
Four years later		145,361	191,831	196,093	159,889	-	-	-	-	-
Five years later		143,406	190,704	193,914	-	-	-	-	-	-
Six years later		142,910	187,329	-	-	-	-	-	-	-
Seven years later		141,643	-	-	-	-	-	-	-	-
Cumulative net claims paid		(140,556)	(185,151)	(187,524)	(152,407)	(170,061)	(174,528)	(198,287)	(132,283)	-
Net liabilities (direct and facultative)	1,654	1,087	2,178	6,390	7,482	8,564	17,705	25,378	103,072	173,510

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2024 (continued):

Group - Non-motor

Accident year	2016 and prior RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
Net liabilities (treaty inwards)										271
Best estimate of claims liabilities										173,781
Claims handling expenses										12,931
Risk adjustment										27,780
Claims payable										(25,544)
Expected credit loss										2,484
Effect of discounting										(1,964)
Net liabilities for incurred claims										189,468

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2023:

Group - Non-motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Estimates of undiscounted net cumulative claims										
At end of accident year		145,841	170,174	203,242	209,493	193,850	190,023	207,492	238,966	-
One year later		134,392	157,510	206,322	197,714	178,789	180,864	199,195	-	-
Two years later		129,381	153,574	204,663	196,591	168,880	182,431	-	-	-
Three years later		127,964	151,576	196,866	199,878	163,295	-	-	-	-
Four years later		126,342	145,361	191,831	196,093	-	-	-	-	-
Five years later		125,373	143,406	190,704	-	-	-	-	-	-
Six years later		122,668	142,910	-	-	-	-	-	-	-
Seven years later		123,237	-	-	-	-	-	-	-	-
Cumulative net claims paid		(123,001)	(140,855)	(184,799)	(187,149)	(152,528)	(168,019)	(167,754)	(136,669)	-
Net liabilities (direct and facultative)	1,816	236	2,055	5,905	8,944	10,767	14,412	31,441	102,297	177,873

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2023 (continued):

Group - Non-motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Net liabilities (treaty inwards)										392
Best estimate of claims liabilities										178,265
Claims handling expenses										14,478
Risk adjustment										28,879
Claims payable										(54,840)
Expected credit loss										1,150
Effect of discounting										(2,220)
Net liabilities for incurred claims										165,712

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks that includes credit risk, liquidity risk, market risk (currency risk, interest rate/profit yield risk, price risk) and operational risk. The Group's and the Company's overall financial risk management objective is to ensure that the Group and the Company create value for their shareholders whilst minimising potential exposure to adverse effects on their financial performance and positions.

The Group and the Company are guided by risk management policies which set out the overall business strategies and the general risk management philosophy.

The Group and the Company have established internal processes to monitor the risks on an ongoing basis.

The policies and measures taken by the Group and the Company to manage these risks are as set out below.

27.3 Credit risk

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

The Group's and the Company's primary exposure to credit risk arises through their investment in fixed income securities, receivables arising from sales of insurance policies, and obligations of reinsurers through reinsurance contracts held.

(i) Management of credit risk

The Group and the Company have put in place credit policies and investment guidelines as part of its overall credit risk management framework which includes the following:

- Evaluation of a debt instrument issuer's credit risk is undertaken by the Investment Unit of the Finance Department. Monitoring of credit and concentration risk is carried out by the Finance Department which reports to the Investment Committee.
- Cash and deposits in Malaysia are generally placed with banks and financial institutions licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013 which are regulated by Bank Negara Malaysia whereas cash and deposits in Singapore are generally placed with banks and financial institutions licensed under the Financial Advisers Act which are regulated by Monetary Authority of Singapore.
- Receivables arising from insurance contracts and reinsurance contracts held are monitored by the Credit Control Committee and Credit Control Unit of the Finance Department to ensure adherence to the Group's credit policy. As part of the overall risk management strategy, the Group cedes insurance risk through proportional and non-proportional treaties and facultative arrangements.

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(i) Management of credit risk (continued)

- The Group monitors the credit quality and financial conditions of its reinsurers on an ongoing basis and review its reinsurance arrangements periodically. The Group typically cedes business to reinsurers that have a good credit rating and concentration of risk is avoided by adhering to the reinsurance risk tolerance limits proposed by Enterprise Risk Management and Sustainability Department ("ERMSD") to the Group's Risk and Sustainability Committee ("RSC") and then approved by the Board of Directors ("the Board") on a yearly basis. When selecting its reinsurers, the Group considers their relative financial security. The security of the reinsurer is assessed based on public rating information and annual reports.

- The Group's credit risk exposure to insurance receivables arises from business with their appointed agents, brokers, other intermediaries and insurance companies. The risk arises where these parties collect premiums from customers to be paid to the Group. The Group has policies to monitor credit risk from these receivables with a focus on day-to-day monitoring of the outstanding position by the credit control staff. The Group also has guidelines to evaluate intermediaries before their appointment as well as setting credit terms to these appointees.

- The Group and the Company use the ratings assigned by external rating agencies to assess the credit risk of debt securities, fixed and call deposits, reinsurance receivables and insurance receivables. The Group and the Company also develop and maintain an internal risk grading to categorise exposures according to the degree of risk of default when external credit ratings are not available.

(ii) Concentrations of credit risk

The Group and the Company manage individual exposures as well as concentration of credit risks:

(i) By issuer for investments in debt instruments;
(ii) By financial institutions for cash and bank balances and fixed and call deposits; and
(iii) By reinsurers for reinsurance contract assets.

At end of the reporting period, there was no significant concentration of credit risks, other than:

(i) investments in corporate bonds and sukuk issued by top five issuers amounted to RM226,691,000 (2023: RM181,256,000) for the Group;

(ii) bank balances and deposits placed with top five banks amounted to RM825,959,000 (2023: RM867,510,000) and RM 57,223,000 (2023: RM41,278,000) for the Group and the Company respectively; and

(iii) reinsurance contract assets recoverable from top five reinsurers amounted to RM389,688,000 (2023: RM380,091,000) for the Group.

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(iii) Credit quality analysis

The following table presents an analysis of the credit quality of reinsurance contract assets, financial assets at fair value through other comprehensive income ("FVOCI"), financial assets at fair value through profit or loss ("FVTPL") and amortised cost ("AC"). The inputs, assumptions and techniques used for estimating the impairment are disclosed in Note 27.3(iv).

Group	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-rated RM'000	Total RM'000
2024						
Reinsurance contract assets	-	66,055	538,057	-	8,826	612,938
Financial assets						
FVOCI						
Corporate bonds and sukuk	13,267	10,014	4,989	-	-	28,270
FVTPL						
Corporate bonds and sukuk	95,668	216,715	65,310	-	-	377,693
AC						
Malaysian government securities	15,179	-	-	-	-	15,179
Government investment issues	39,848	-	-	-	-	39,848
Malaysian government guaranteed loans	75,000	-	-	-	-	75,000
Corporate bonds and sukuk	20,000	9,999	12,393	-	-	42,392
Fixed and call deposits	83,070	85,151	626,974	103,470	-	898,665
Loans and receivables	-	-	-	-	36,567	36,567
Cash and cash equivalents	42,441	78,095	27,975	1,284	26	149,821
	275,538	173,245	667,342	104,754	36,593	1,257,472

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(iii) Credit quality analysis (continued)

Group	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-rated RM'000	Total RM'000
2023						
Reinsurance contract assets	-	56,558	564,914	1,060	21,215	643,747
Financial assets						
FVTPL						
Corporate bonds and sukuk	80,658	156,368	47,115	-	-	284,141
AC						
Malaysian government securities	15,240	-	-	-	-	15,240
Government investment issues	39,821	-	-	-	-	39,821
Malaysian government guaranteed loans	85,000	-	-	-	-	85,000
Corporate bonds and sukuk	20,000	9,999	13,303	-	-	43,302
Fixed and call deposits	115,790	161,131	347,842	195,809	-	820,572
Loans and receivables	-	-	-	-	42,756	42,756
Cash and cash equivalents	19,123	122,718	135,753	616	36,805	315,015
	294,974	293,848	496,898	196,425	79,561	1,361,706

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(iii) Credit quality analysis (continued)

Company	AAA RM'000	A RM'000	Non-rated RM'000	Total RM'000
2024				
AC				
Fixed and call deposits	**100**	**56,000**	**-**	**56,100**
Loans and receivables	**-**	**-**	**916**	**916**
Cash and cash equivalents	**174**	**949**	**-**	**1,123**
	274	**56,949**	**916**	**58,139**
2023				
AC				
Fixed and call deposits	100	39,000	-	39,100
Loans and receivables	-	-	522	522
Cash and cash equivalents	130	2,048	-	2,178
	230	41,048	522	41,800

Age analysis of trade receivables past due

Amounts due from policyholders, agents, brokers, co-insurers and reinsurers ("trade receivables"), was either net off with insurance contract liabilities or reinsurance contract assets. However, these amounts are still exposed to credit risk.

The credit terms of trade receivables granted to related parties are no different from those granted to non-related parties.

A trade receivable is deemed past due when the counterparty has failed to make payment when the outstanding amount is contractually due.

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(iii) Credit quality analysis (continued)

Age analysis of trade receivables past due (continued)

Age analysis of trade receivables past due but not impaired:

Group	<30 days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	91 - 180 days RM'000	>180 days RM'000	Total RM'000
2024						
Trade receivables arise from insurance contracts	**108,770**	**43,183**	**33,502**	**13,181**	**-**	**198,636**
Trade receivables arise from reinsurance contracts held	**2,278**	**4,870**	**829**	**622**	**1,401**	**10,000**
2023						
Trade receivables arise from insurance contracts	97,775	26,389	29,130	12,353	2,070	167,717
Trade receivables arise from reinsurance contracts held	7,794	3,261	1,312	7,718	-	20,085

(iv) Amount arising from expected credit loss ("ECL")

Allowance for impairment

The following tables show reconciliations from the opening balance to the closing balance of the allowance for impairment by class of financial instrument.

	12-months ECL Corporate bonds and sukuk		
Group	AC RM'000	FVOCI RM'000	Total RM'000
Balance at 1 January 2023	6	-	**6**
Net remeasurement of allowance for impairment	(1)	-	**(1)**
Balance at 31 December 2023/1 January 2024	5	-	**5**
Net remeasurement of allowance for impairment	(3)	2	**(1)**
Balance at 31 December 2024	2	2	**4**

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(iv) Amount arising from expected credit loss ("ECL") (continued)

Inputs, assumptions and techniques used for estimating impairment

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables:

- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD").

To determine lifetime and 12-month PDs, the Group and the Company use the PD table supplied by reputable rating agency based on the default history of obligors with the same credit rating. The Group and the Company adopt the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. Wherever applicable, additional forward-looking information is considered when determining PD, such as the Group's and the Company's internal stress-testing of macroeconomic adverse scenarios. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group and the Company estimate LGD parameters based on the history of recovery rates of claims against defaulted counterparties. Wherever applicable and material, additional information is considered in determining LGDs, including structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Group and the Company derive the EAD from the current exposure to the counterparty and wherever applicable, potential changes to the current amount allowed under the contract, including early redemption and prepayments. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group and the Company measure ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include:

- instrument type; and
- credit risk gradings

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(iv) Amount arising from expected credit loss ("ECL") (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Definition of default

The Group and the Company consider a financial asset to be in default when the counterparty is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to action such as realising security (if any is held).

In assessing whether a counterparty is in default, the Group and the Company consider indicators that are:

- qualitative: e.g. breaches of covenant and other indicators of financial distress;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Group and the Company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Significant increase in credit risk

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's and the Company's experience, expert credit assessment and forward-looking information.

The Group and the Company primarily identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

Whenever available, the Group and the Company monitor changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group and the Company also perform a regular internal review on the creditworthiness of the counterparty based on the latest quantitative and qualitative data, together with available press and regulatory information about issuers.

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(iv) Amount arising from expected credit loss ("ECL") (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Significant increase in credit risk (continued)

Where external credit ratings are not available, the Group and the Company allocate each exposure to an internal credit risk grade. The internal credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and benchmarked against external credit rating from reputable rating agencies.

The Group and the Company have assumed that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Group and the Company consider a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'. The Group and the Company consider this to be BBB or higher based on credit ratings published by reputable rating agencies.

As a backstop, the Group and the Company consider that a significant increase in credit risk occurs no later than when an asset is more than 6 months past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined taking into consideration of the 3 months or 90 days credit terms that might be available to the counterparty.

The Group and the Company monitor the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 6 months past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month and lifetime ECL.

27.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company may not have sufficient liquid financial resources to meet their obligations when they fall due, or would have to incur excessive costs to do so. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. The Group's and the Company's policy is to maintain adequate liquidity to meet their liquidity needs under normal and stressed conditions.

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.4 Liquidity risk (continued)

(i) Management of liquidity risk

The following policies and procedures are in place to mitigate the Group's and the Company's exposure to liquidity risk:

- A Group-wide liquidity risk management policy setting out the assessment and determination of what constitutes liquidity risk for the Group is established. Compliance with the policy is monitored and reported monthly and exposures and breaches are reported to the Group's RSC as soon as possible. The Group's and the Company's Investment Committee is the primary party responsible for liquidity management based on guidelines approved by the Board.
- There are guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding is available to meet insurance and investment contract obligations. As part of their liquidity management, the Group and the Company maintain sufficient level of cash and cash equivalents to meet expected and to a lesser extent unexpected outflows.
- Setting up contingency funding plans which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans. The Group's and the Company's contingency funding plans include arranging credit line with banks and funding from the shareholders.
- The Group's treaty reinsurance contract held contains a "cash call" clause permitting the Group to make cash call on claim and receive immediate payment for a large loss without waiting for usual periodic payment procedures to occur.
- The Group has entered into Global Master Repurchase Agreements, an international standard repurchase agreement prepared by the International Capital Market Association with the principal dealers as a liquidity facility and enhancement in liquidity management tool.

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.4 Liquidity risk (continued)

(ii) Maturity analysis

Insurance contracts and reinsurance contracts held

The table below summarises the maturity profile of the Group insurance and reinsurance contracts, which reflects the dates on which the cash flows are expected to occur. The maturity profile is determined based on estimations of present value of future cash flows.

Group	Carrying amount RM'000	1 year or less* RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2024								
Insurance contracts liabilities	(2,256,984)	(848,567)	(480,231)	(224,212)	(96,182)	(41,361)	(39,882)	(1,730,435)
Reinsurance contracts asset	880,032	244,361	198,461	103,041	39,877	16,139	14,758	616,637
2023								
Insurance contracts liabilities	(2,199,820)	(882,650)	(456,453)	(210,352)	(95,458)	(41,748)	(35,508)	(1,722,169)
Reinsurance contracts asset	877,968	342,573	183,774	88,369	36,882	16,488	14,181	682,267

* expected utilisation or settlement is within 12 months from the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.4 Liquidity risk (continued)

(ii) Maturity analysis (continued)

Financial liabilities

The table below summarises the maturity profile of the financial liabilities of the Group and of the Company based on remaining undiscounted contractual obligations, including interest/profit payable.

Group	Carrying amount RM'000	1 year or less* RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2024								
Other payables	**(7,789)**	**(7,789)**	**-**	**-**	**-**	**-**	**-**	**(7,789)**
2023								
Other payables	(8,131)	(8,131)	-	-	-	-	-	(8,131)

* expected utilisation or settlement is within 12 months from the reporting date.

Company	Carrying amount RM'000	1 year or less* RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2024								
Other payables	**(2,071)**	**(2,071)**	**-**	**-**	**-**	**-**	**-**	**(2,071)**
2023								
Other payables	(1,868)	(1,868)	-	-	-	-	-	(1,868)

* expected utilisation or settlement is within 12 months from the reporting date.

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.5 Market risk

Management of market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprised three types of exposures: foreign exchange rates (currency risk), market interest rates (interest rate/profit yield risk) and market prices (price risk).

The key features of the Group's and the Company's market risk management practices and policies are as follows:

- A Group-wide market-risk policy setting out the evaluation and determination of what constitutes market risk for the Group and the Company is put in place. Compliance with the policy is monitored and reported monthly to the Investment Committee.
- The Group and the Company have policies and limits to manage market risk. The market risk is managed through portfolio diversification and changes in asset allocation. The Group's and the Company's policies on asset allocation, portfolio limit structure and diversification benchmark have been set in line with the Group's and the Company's risk management policy after taking cognisance of the regulatory requirements in respect of maintenance of assets and solvency.

27.6 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

(i) Exposure to foreign currency risk

The Group and the Company face foreign currency risk, primarily because of their operations in Singapore Branch and some of their cash and bank balances are held in USD. Consequently, the Group and the Company are exposed to risks that the exchange rate relative to other foreign currencies may affect the value of the Group's and the Company's assets or liabilities denominated in currencies other than the functional currency of the Group entities.

Foreign exchange transaction risk impacting the Group's and the Company's profit or loss arises both from external investing activities and intra-company operating activities. Currency risk relating to investing and operating activities in the normal course of business are generally not hedged.

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.6 Currency risk (continued)

(i) Exposure to foreign currency risk (continued)

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	Malaysian Ringgit RM'000	US Dollar RM'000	Total RM'000
2024			
Malaysian operation			
Investment in an associated company	**-**	**46,890**	**46,890**
Cash and cash equivalents	**-**	**2,941**	**2,941**
	-	**49,831**	**49,831**
Singapore operation			
Investment at fair value through other comprehensive income ("FVOCI")	**30,233**	**-**	**30,233**
Investment at AC	**7,770**	**-**	**7,770**
Cash and cash equivalents	**639**	**3,066**	**3,705**
	38,642	**3,066**	**41,708**
2023			
Malaysian operation			
Investment in an associated company	-	46,322	46,322
Cash and cash equivalents	-	243	243
	-	46,565	46,565
Singapore operation			
Investment at FVOCI	28,443	-	28,443
Investment at AC	7,480	-	7,480
Cash and cash equivalents	446	3,131	3,577
	36,369	3,131	39,500

Company	US Dollar 2024 RM'000	US Dollar 2023 RM'000
Investment in an associated company	**10,833**	10,833

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.6 Currency risk (continued)

(ii) Sensitivity analysis

The Group's and the Company's exposure to currency risk is immaterial in the context of the financial statements and hence, sensitivity analysis is not presented.

27.7 Interest rate/Profit yield risk

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

(i) Exposure to interest rate/profit yield risk

The Group are exposed to interest rate risk primarily through their investments in fixed income securities, insurance contracts and reinsurance contracts held. Interest rate risk is managed by the Group on an ongoing basis.

The interest rate profile of the Group's significant interest-bearing instruments based on carrying amount at the end of the reporting period are as follows:

Group	2024 RM'000	2023 RM'000
Fixed rate financial instruments		
Designated at FVOCI		
Corporate bonds and sukuk	**28,270**	-
Mandatorily at FVTPL		
Corporate bonds and sukuk	**377,693**	284,141
Insurance and reinsurance contracts		
Liabilities	**(2,256,984)**	(2,199,820)
Assets	**880,032**	877,968
	(1,376,952)	(1,321,852)

The Group and the Company have no significant concentration of interest rate/profit yield risk on investment in deposit placements due to the relatively short-term nature and are intended to be held-to-maturity.

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.7 Interest rate/Profit yield risk (continued)

(ii) Sensitivity analysis

An analysis of the Group's sensitivity to a +/- 25 basis points change in the interest rate at the reporting date, assuming that all other variables remain constant, is presented below:

Group	Impact on CSM +25 basis points RM'000	Impact on CSM -25 basis points RM'000	Impact on profit before tax +25 basis points RM'000	Impact on profit before tax -25 basis points RM'000	Impact on equity* +25 basis points RM'000	Impact on equity* -25 basis points RM'000
2024						
Insurance contracts and reinsurance contracts held	(17)	18	119	(120)	2,731	(2,758)
Financial instruments	-	-	(3,436)	3,436	(2,615)	2,615
	(17)	18	(3,317)	3,316	116	(143)
2023						
Insurance contracts and reinsurance contracts held	(39)	40	16	(16)	2,728	(2,756)
Financial instruments	-	-	(2,398)	2,398	(1,822)	1,822
	(39)	40	(2,382)	2,382	906	(934)

* Impact on equity reflects adjustments for tax, when applicable.

27.8 Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate/profit yield risk or currency risk), regardless whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Group's and the Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.8 Price risk (continued)

(i) Exposure to price risk

The Group and the Company are exposed to price risk arising from investments held by the Group and the Company and classified in the statements of financial position as FVOCI and FVTPL financial assets that comprise quoted equities, unit trusts, real estate investment trusts ("REITs") and exchange-traded fund ("ETF") are as follows:

Group	2024 RM'000	2023 RM'000
Designated at FVOCI		
Quoted shares	1,004,543	945,063
Mandatorily at FVTPL		
Unit trusts	1,064,816	923,739
Real estate investment trusts	5,326	3,259
Exchange-traded fund	530	636
Quoted shares	5,531	4,940
	1,076,203	932,574
	2,080,746	1,877,637
Company		
Designated at FVOCI		
Quoted shares	969,472	912,069

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27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.8 Price risk (continued)

(ii) Sensitivity analysis

The analysis below is performed for reasonably possible movements in market price with all other variables held constant, showing the impact on statements of profit or loss and other comprehensive income and changes in equity (due to changes in fair value of FVOCI and FVTPL financial assets).

		2024		2023	
Group	Change in variables	Impact on profit before tax RM'000	Impact on equity* RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
Market price	+10%	107,620	181,670	93,257	164,829
Market price	-10%	(107,620)	(181,670)	(93,257)	(164,829)
Company					
Market price	+10%	-	96,947	-	91,207
Market price	-10%	-	(96,947)	-	(91,207)

* Impact on equity reflects adjustments for tax, when applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

27.9 Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people, systems or unexpected external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Group and the Company cannot expect to eliminate all operational risks but mitigate them by establishing a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access controls, authorisation, reconciliation procedures, staff training and evaluation procedures, including the use of Internal Audit. Business risk, such as changes in environment, technology and the industry are monitored through the Group's and the Company's strategic planning and budgeting process.

The Group's and the Company's risk taking units (Business/Technical/Control/Support Divisions) are primarily responsible for the management of day-to-day operational risks inherent in their respective business and functional areas. They are responsible for putting in place and maintaining their respective operational manuals and ensuring that activities undertaken by them comply with the Group's risk management framework.

28. FINANCIAL INSTRUMENTS

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised cost ("AC");
(b) Designated as at fair value through other comprehensive income ("FVOCI");
(c) Mandatorily at fair value through profit or loss ("FVTPL"); and
(d) Other financial liabilities at amortised cost ("FL").

2024	Carrying amount RM'000	AC/(FL) RM'000	Designated as at FVOCI RM'000	Mandatorily at FVTPL RM'000
Financial assets				
Group				
Other investments	3,559,420	1,071,084	1,032,813	1,455,523
Loans and receivables	36,567	36,567	-	-
Cash and cash equivalents	149,821	149,821	-	-
	3,745,808	1,257,472	1,032,813	1,455,523
Company				
Other investments	1,025,572	56,100	969,472	-
Loans and receivables	916	916	-	-
Cash and cash equivalents	1,123	1,123	-	-
	1,027,611	58,139	969,472	-
Financial liabilities				
Group				
Other payables	(7,789)	(7,789)	-	-
Company				
Other payables	(2,071)	(2,071)	-	-

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28. FINANCIAL INSTRUMENTS (CONTINUED)

28.1 Categories of financial instruments (continued)

2023	Carrying amount RM'000	AC/(FL) RM'000	Designated as at FVOCI RM'000	Mandatorily at FVTPL RM'000
Financial assets				
Group				
Other investments	3,167,288	1,003,935	945,063	1,218,290
Loans and receivables	42,756	42,756	-	-
Cash and cash equivalents	315,015	315,015	-	-
	3,525,059	1,361,706	945,063	1,218,290
Company				
Other investments	951,169	39,100	912,069	-
Loans and receivables	522	522	-	-
Cash and cash equivalents	2,178	2,178	-	-
	953,869	41,800	912,069	-
Financial liabilities				
Group				
Other payables	(8,131)	(8,131)	-	-
Company				
Other payables	(1,868)	(1,868)	-	-

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28. FINANCIAL INSTRUMENTS (CONTINUED)

28.2 Net gains and losses arising from financial instruments

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net gains/(losses) arising on:				
Designated as at FVOCI				
- recognised in other comprehensive income	**59,840**	(6,919)	**57,403**	(6,378)
- recognised in profit or loss	**44,636**	30,869	**42,521**	29,764
	104,476	23,950	**99,924**	23,386
Mandatorily at FVTPL	**57,177**	70,936	**-**	-
Financial assets at AC	**44,812**	45,011	**2,228**	1,593
	206,465	139,897	**102,152**	24,979

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28. FINANCIAL INSTRUMENTS (CONTINUED)

28.3 Fair value information

The carrying amounts of cash and cash equivalents, fixed and call deposits, short-term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2024										
Financial assets										
Designated at FVOCI										
- Quoted shares	1,004,543	-	-	1,004,543	-	-	-	-	1,004,543	1,004,543
- Corporate bonds and sukuk	-	28,270	-	28,270	-	-	-	-	28,270	28,270
Mandatorily at FVTPL										
- Unit trusts	-	1,064,816	-	1,064,816	-	-	-	-	1,064,816	1,064,816
- Real estate investment trusts	5,326	-	-	5,326	-	-	-	-	5,326	5,326
- Exchange-traded fund	530	-	-	530	-	-	-	-	530	530
- Quoted shares	5,531	-	-	5,531	-	-	-	-	5,531	5,531
- Unquoted shares	-	-	1,627	1,627	-	-	-	-	1,627	1,627
- Corporate bonds and sukuk	-	377,693	-	377,693	-	-	-	-	377,693	377,693
AC										
- Malaysian government securities	-	-	-	-	-	15,088	-	15,088	15,088	15,179
- Government investment issues	-	-	-	-	-	39,983	-	39,983	39,983	39,848
- Malaysian government guaranteed loans	-	-	-	-	-	75,357	-	75,357	75,357	75,000
- Corporate bonds and sukuk	-	-	-	-	-	42,643	-	42,643	42,643	42,392
	1,015,930	1,470,779	1,627	2,488,336	-	173,071	-	173,071	2,661,407	2,660,755

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.3 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2023										
Financial assets										
Designated at FVOCI										
- Quoted shares	945,063	-	-	945,063	-	-	-	-	945,063	945,063
Mandatorily at FVTPL										
- Unit trusts	-	923,739	-	923,739	-	-	-	-	923,739	923,739
- Real estate investment trusts	3,259	-	-	3,259	-	-	-	-	3,259	3,259
- Exchange-traded fund	636	-	-	636	-	-	-	-	636	636
- Quoted shares	4,940	-	-	4,940	-	-	-	-	4,940	4,940
- Unquoted shares	-	-	1,575	1,575	-	-	-	-	1,575	1,575
- Corporate bonds and sukuk	-	284,141	-	284,141	-	-	-	-	284,141	284,141
AC										
- Malaysian government securities	-	-	-	-	-	15,115	-	15,115	15,115	15,240
- Government investment issues	-	-	-	-	-	39,857	-	39,857	39,857	39,821
- Malaysian government guaranteed loans	-	-	-	-	-	85,432	-	85,432	85,432	85,000
- Corporate bonds and sukuk	-	-	-	-	-	43,319	-	43,319	43,319	43,302
	953,898	1,207,880	1,575	2,163,353	-	183,723	-	183,723	2,347,076	2,346,716

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.3 Fair value information (continued)

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2024										
Financial assets										
Designated at FVOCI										
- Quoted shares	**969,472**	**-**	**-**	**969,472**	**-**	**-**	**-**	**-**	**969,472**	**969,472**
2023										
Financial assets										
Designated at FVOCI										
- Quoted shares	912,069	-	-	912,069	-	-	-	-	912,069	912,069

Level 1 and Level 2 fair values

The valuation techniques and inputs used in determining the fair values of the financial assets is disclosed in Note 8(d).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2023: no transfer in either directions).

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group 2024 RM'000	Group 2023 RM'000
Unquoted shares		
Balance as at 1 January	**1,575**	1,472
Fair value gains recognised in profit or loss	**52**	103
Balance as at 31 December	**1,627**	1,575

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.3 Fair value information (continued)

Level 3 fair value (continued)

The following table shows the valuation technique used in the determination of fair value within Level 3, as well as the key unobservable inputs used in the valuation model.

Financial instrument carried at fair value

Type	Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted shares	The fair value is determined to approximate the net assets value of the investee as it is immaterial in the context of the financial statements.	Net assets value	The higher the value of net assets the higher the fair value.

29. Regulatory capital requirements

The Group's and the Company's capital management policy is to optimise the efficient and effective use of resources to maximise the return on equity and provide an appropriate level of capital to protect policyholders and meet regulatory requirements.

The subsidiary of the Company, Lonpac Insurance Bhd ("Lonpac") is required to comply with the regulatory capital requirement prescribed in the Risk-Based Capital ("RBC") Framework which is imposed by the Ministry of Finance. Under the RBC Framework issued by Bank Negara Malaysia, insurance companies are required to satisfy a minimum capital adequacy ratio of 130%. As at year end, Lonpac has a capital adequacy ratio in excess of the minimum requirement.

The capital structure of Lonpac as at 31 December 2024, as prescribed under the RBC Framework is provided below:

	2024 RM'000	2023 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	**200,000**	200,000
Retained earnings as prescribed under the RBC Framework	**1,007,225**	957,714
	1,207,225	1,157,714
Tier 2 Capital		
Eligible reserves as prescribed under the RBC Framework	**48,869**	63,533
Total capital available	**1,256,094**	1,221,247

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

30. SIGNIFICANT RELATED PARTY DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial or operational decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Related party transactions have been entered into in the normal course of business and under normal commercial terms. The related parties of the Group and of the Company are:

(i) Immediate and ultimate holding company

The immediate and ultimate holding company of the Group is Public Bank Berhad, a licensed bank incorporated in Malaysia.

(ii) Subsidiary

Details of the subsidiary are shown in Note 6.

(iii) Associated company

An associated company is a company in which the Group holds an interest of between 20% to 50% and can exercise significant influence, but not control, over its financial and operating policies. Details of the associated company are disclosed in Note 7.

(iv) Other related companies

Other related companies are those subsidiaries and associated companies within the Public Bank Berhad Group.

(v) Key management personnel

Key management personnel includes the Company's and subsidiary's Executive and Non-Executive Directors and are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or of the Company either directly or indirectly. Compensation of key management personnel are disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

30. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Significant related party transactions and balances

(a) The significant related party transactions of the Group and of the Company, other than key management personnel compensation, are as follows:

	Note	Immediate and ultimate holding company		Associated company		Other related companies	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group							
Income earned:							
Premium income		**30,156**	29,814	**365**	427	**8,531**	8,435
Dividend income	19(b)	**44,026**	30,869	**-**	-	**-**	-
Fixed deposits income		**1,246**	1,007	**-**	-	**1,002**	810
Interest/profit income from corporate bonds and sukuk		**1,336**	732	**-**	-	**667**	665
Management fees		**-**	-	**43**	-	**-**	-
Information technology services		**-**	-	**2**	54	**-**	-
		76,764	62,422	**410**	481	**10,200**	9,910
Expenditure incurred:							
Rental paid		**-**	-	**-**	-	**(3,996)**	(3,996)
Reimbursement of utilities		**-**	-	**-**	-	**(314)**	(316)
Insurance commission		**(54,137)**	(50,954)	**(97)**	(109)	**(1)**	(116)
		(54,137)	(50,954)	**(97)**	(109)	**(4,311)**	(4,428)
Other transaction:							
Purchase of corporate bonds and sukuk		**(5,000)**	(20,000)	**-**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

30. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Significant related party transactions and balances (continued)

(a) The significant related party transactions of the Group and of the Company, other than key management personnel compensation, are as follows (continued):

Company	Note	Immediate and ultimate holding company 2024 RM'000	2023 RM'000	Subsidiary 2024 RM'000	2023 RM'000
Income earned:					
Dividend income	19(b)	**42,521**	29,764	**260,000**	220,000
Fixed deposits income		**530**	495	**-**	-
		43,051	30,259	**260,000**	220,000
Expenditure incurred:					
Premium paid		**-**	-	**(29)**	(18)
Rental paid		**-**	-	**(47)**	(47)
Management fees		**-**	-	**(783)**	(658)
		-	-	**(859)**	(723)

(b) The significant outstanding balances of the Group and of the Company with their related parties as at 31 December are as follows:

Group	Immediate and ultimate holding company 2024 RM'000	2023 RM'000	Other related companies 2024 RM'000	2023 RM'000
Balances with related parties:				
Placements in fixed and call deposits	**8,050**	7,760	**-**	36,776
Bank balances	**22,086**	14,409	**-**	-
Corporate bonds and sukuk	**35,284**	30,225	**15,244**	15,262
	65,420	52,394	**15,244**	52,038
Company				
Balances with related parties:				
Placements in fixed and call deposits	**100**	100	**-**	-
Bank balances	**174**	130	**-**	-
	274	230	**-**	-

31. CONTINGENT LIABILITIES

On 22 February 2017, Lonpac received a Notice of Proposed Decision by the Malaysia Competition Commission ("MyCC") under Section 36 of the Competition Act 2010 ("the Act").

MyCC informed that pursuant to its investigation, the commission on the preliminary basis finds that Lonpac together with the other 21 members of Persatuan Insurans Am Malaysia ("PIAM") had infringed the prohibition under Section 4(2)(a) of the Act for fixing parts trade discounts and labour rates for repair workshops and therefore liable for an infringement under Section 4(3) of the Act.

Lonpac had on 25 September 2020 received a Notice of Finding of An Infringement ("Notice") by MyCC under Section 40 of the Act. MyCC determined that Lonpac had infringed Section 4 prohibition of the Act.

In the view of the impact of the COVID-19 pandemic, MyCC had granted a reduction of 25% of the financial penalties imposed on the 22 general insurers. The financial penalty imposed on Lonpac after taking into account the 25% reduction amounted to RM5,914,780.

Lonpac believes that it has always conducted its business in full compliance with all relevant laws and regulations and had filed an appeal to the Competition Appeal Tribunal ("CAT") on 13 October 2020.

On 2 September 2022, the CAT had allowed Lonpac to appeal and set aside MyCC's decision.

MyCC has applied to the High Court for leave to apply for judicial review of CAT's decision dated 2 September 2022 and Lonpac had filed its Affidavit in Opposition in the High Court.

On 16 January 2024, the High Court dismissed MyCC's application for leave to commence judicial review against the CAT's decision. On 15 February 2024, MyCC filed a Notice of Appeal to the Court of Appeal against the High Court's decision. The Court of Appeal has fixed the hearing of the appeal on 22 May 2025.

Save as disclosed above, the Group does not have any other contingent assets and liabilities since the last annual balance sheet date of 31 December 2023.

32. CHANGES IN MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the accounting policies as set out in the respective notes to the financial statements to all periods presented in these consolidated financial statements, except in respect of some groups of insurance and reinsurance contracts existing at 1 January 2022 which is the date the Group transitioned to MFRS 17.

For some groups of insurance and reinsurance contracts, the Group applied the modified retrospective approach in MFRS 17 to identify, recognise and measure the groups of contracts at 1 January 2022 because it did not have reasonable and supportable information to apply MFRS 17 retrospectively. This transition approach continues to impact part of how the contractual service margin balance, as determined at the reporting date, is disclosed in Note 12(e)(xi).

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 161 to 279 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of their financial performance and cash flows for the year then ended.

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

Mohamed Raslan Bin Abdul Rahman	**Tan Kok Guan**
Director	Director

Kuala Lumpur
Date: 14 February 2025

STATUTORY DECLARATION

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

I, **Ng Seng Khin**, the Chief Financial Officer primarily responsible for the financial management of LPI Capital Bhd, do solemnly and sincerely declare that the financial statements set out on pages 161 to 279 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Ng Seng Khin, in Kuala Lumpur on 14 February 2025.

Ng Seng Khin

Before me:

Commissioner for Oath

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LPI CAPITAL BHD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LPI Capital Bhd, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 161 to 279.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LPI CAPITAL BHD

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LPI CAPITAL BHD

Key Audit Matters (continued)

Valuation of general insurance contract liabilities Refer to Note 12 and Note 27.1 to the financial statements	
The key audit matter	**How the matter was addressed in our audit**
The insurance contract liabilities of RM2,256,984,000 representing 96% of the Group's total liabilities comprise liabilities for remaining coverage ("LRC") and liabilities for incurred claims ("LIC") as explained in Note 12. Due to the level of subjectivity inherent in determining and estimating the LRC and LIC, the valuation of insurance contract liabilities is a key judgmental area where our audit is concentrated on. Judgement is required in determining the assumptions used in the estimation of fulfilment cash flows and contractual service margin ("CSM").	Our audit procedures included, among others: • Evaluated the design and tested the operating effectiveness of the key controls around reserving process with the support of our own IT audit team. • Tested the reliability of information used in calculating insurance contract liabilities of the Group to source documents on a sample basis. • Assessed the appropriateness of the methods and model used to estimate the fulfilment cash flows including the measurement of the loss components, whether they are in line with the requirements of MFRS 17. • Assessed and challenged the assumptions used in the valuation methods including the claims development factors, loss ratios, unpaid claims, risk-adjustment for non-financial risk, expense ratio, discount rate and other assumptions by reference to the Group's and industry's historical experience and data with the support of our own actuarial specialist. • Recalculated and assessed the reasonableness of the CSM, including its initial recognition and subsequent release, with the support of our own actuarial specialist. • Assessed the adequacy of the Group's disclosures in relation to insurance contract liabilities required by MFRS 17, including historical claims development, sensitivity analysis of insurance contract liabilities on movement in key assumptions of the estimation and explanation for key assumptions about the future, and other major sources of estimation uncertainty.

Key Audit Matters (continued)

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LPI CAPITAL BHD

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

- 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 internal control of the Group and of the Company.

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis of forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LPI CAPITAL BHD

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lee Yeit Yeen
Approval Number: 03484/02/2026 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 14 February 2025

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Tee Choon Yeow
Non-Independent Non-Executive Chairman
(Re-designated as Non-Independent Non-Executive Chairman on 1 March 2024)
B.Com.; CA (NZ); CA (M'sia); FCPA (Aust)

Mr. Tan Kok Guan
Executive Director/ Group Chief Executive Officer
Chartered Insurer
B.Sc. (Hons.); MBA; ACII; AMII

Encik Mohamed Raslan Bin Abdul Rahman
Independent Non-Executive Director
B.Com.; MICPA; MIA; CAANZ

Dato' Chia Lee Kee
Independent Non-Executive Director
FCIS (CS) (CGP)

Ms. Soo Chow Lai
Independent Non-Executive Director
BA Econs (Hons)

Mr. Lee Chin Guan
Non-Independent Non-Executive Director
(Re-designated as Non-Independent Non-Executive Director on 8 October 2024 and retired on 27 January 2025)
B.Sc. (Hons); BCL (Oxon); LLM (Cantab); JD (Chicago-Kent); Barrister-at-Law (Middle Temple)

Ms. Chan Kwai Hoe
Independent Non-Executive Director
(Retired on 30 June 2024)
BEc (Hons) Analytical Econs

COMPANY SECRETARY

Ms. Kong Thian Mee
Chartered Secretary and
Chartered Governance Professional
FCIS (CS) (CGP)
SSM PC No. : 202008001185
MAICSA 7024050
Tel No. : (03) 2262 8688
Email : lpicosec@lonpac.com

REGISTERED OFFICE

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Tel No. : (03) 2262 8688/ 2723 7888
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AUDITORS

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Chartered Accountants
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SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

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Fax No. : (03) 2783 9222
Email : is.enquiry@vistra.com

STOCK EXCHANGE LISTING

Listed on the Main Market of
Bursa Malaysia Securities Berhad
Listing Date : 8 January 1993
Stock Name : LPI
Stock Code : 8621

HEAD OFFICE

6th Floor, Bangunan Public Bank
6, Jalan Sultan Sulaiman
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Tel No. : (03) 2262 8688/ 2723 7888
Fax No. : (03) 2078 7455

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INVESTOR RELATIONS

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Mr. Ng Seng Khin
Group Chief Financial Officer
Tel No. : (03) 2723 7835
Email : skng@lonpac.com

ANALYSIS OF SHAREHOLDINGS

AS AT 24 JANUARY 2025

Number of issued shares : 398,382,753 ordinary shares
Class of shares : Ordinary shares
Voting rights : One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS BASED ON RECORD OF DEPOSITORS

	Shareholders				No. of Shares Held			
	Malaysia		Foreign		Malaysia		Foreign	
Size of Shareholdings	No.	%	No.	%	No.	%	No.	%
Less than 100	959	8.98	10	0.09	14,200	*	180	*
100 – 1,000	3,657	34.26	53	0.50	2,054,209	0.51	25,187	0.01
1,001 – 10,000	4,419	41.39	91	0.85	16,293,207	4.09	412,657	0.10
10,001 – 100,000	1,222	11.45	85	0.80	34,498,973	8.66	2,410,723	0.61
100,001 – 19,919,136 (less than 5% of issued shares)	156	1.46	21	0.20	124,836,419	31.34	7,916,678	1.99
19,919,137 (5% of issued shares) and above	1	0.01	1	0.01	175,896,000	44.15	34,024,320	8.54
Total	**10,414**	**97.55**	**261**	**2.45**	**353,593,008**	**88.75**	**44,789,745**	**11.25**
Grand Total	**10,675 (100%)**				**398,382,753 (100%)**			

Note:
* Less than 0.01%.

ANALYSIS OF SHAREHOLDINGS

AS AT 24 JANUARY 2025

ANALYSIS OF SHAREHOLDINGS
AS AT 24 JANUARY 2025

TOP THIRTY SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

Name of Shareholders		No. of Shares Held	% of Issued Shares
1.	Public Bank Berhad As Beneficial Owner (Shares-Subsids)	175,896,000	44.15
2.	Sompo Japan Insurance Inc	30,928,320	7.76
3.	Public Invest Nominees (Tempatan) Sdn Bhd Public Bank Group Officers' Retirement Benefits Fund	18,765,504	4.71
4.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	14,647,308	3.68
5.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	10,893,000	2.73
6.	AmanahRaya Trustees Berhad Public Savings Fund	5,228,396	1.31
7.	AmanahRaya Trustees Berhad Public Index Fund	3,981,312	1.00
8.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Consolidated Chan Realty Sdn.Bhd (E-KUG)	3,919,180	0.98
9.	Muar Management Sdn Bhd	3,481,920	0.87
10.	AmanahRaya Trustees Berhad Public Growth Fund	3,335,496	0.84
11.	Sompo Japan Insurance Inc	3,096,000	0.78
12.	Tunku Zahrah Binti Tunku Osman	3,081,600	0.77
13.	AmanahRaya Trustees Berhad Public Equity Fund	2,602,984	0.65
14.	Seah Yee Sheau	2,410,000	0.60
15.	AmanahRaya Trustees Berhad Public Dividend Select Fund	2,210,460	0.55
16.	Hong Leong Assurance Berhad As Beneficial Owner (Life Par)	2,177,000	0.55
17.	Teh Cheng Hua	2,050,282	0.51
18.	Lee Chin Guan	1,940,000	0.49
19.	CIMB Commerce Trustee Berhad Public Focus Select Fund	1,791,936	0.45
20.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 19)	1,778,000	0.45
21.	AmanahRaya Trustees Berhad Public Sector Select Fund	1,393,392	0.35
22.	AmanahRaya Trustees Berhad Amanah Saham Malaysia 3	1,283,100	0.32
23.	AmanahRaya Trustees Berhad Amanah Saham Malaysia	1,186,200	0.30
24.	AmanahRaya Trustees Berhad Public South-East Asia Select Fund	1,166,308	0.29
25.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tee Choon Yeow (PB)	1,152,000	0.29
26.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for PB ASEAN Dividend Fund (270334)	1,129,680	0.28
27.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phua Kiap Wite (E-KTN)	1,098,000	0.28
28.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Aggressive Growth Fund (N14011940110)	848,736	0.21
29.	AmanahRaya Trustees Berhad Public Optimal Growth Fund	840,000	0.21
30.	AmanahRaya Trustees Berhad Public Enhanced Bond Fund	837,036	0.21
	Total	**305,149,150**	**76.57**

SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Deemed Interest		Total Interest	
Name of Shareholders		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Public Bank Berhad As Beneficial Owner (Shares-Subsids)	175,896,000	44.15%	-	-	175,896,000	44.15%
2.	Sompo Japan Insurance Inc	34,024,320	8.54%	-	-	34,024,320	8.54%

ANALYSIS OF SHAREHOLDINGS

AS AT 24 JANUARY 2025

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

	Name of Directors	Direct Interest		Deemed Interest		Total Interest	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Mr. Tee Choon Yeow	1,152,000	0.29%	-	-	1,152,000	0.29%
2.	Mr. Tan Kok Guan	356,400	0.09%	273,600[*1]	0.07%	630,000	0.16%
3.	Encik Mohamed Raslan Bin Abdul Rahman	-	-	-	-	-	-
4.	Dato' Chia Lee Kee	-	-	-	-	-	-
5.	Ms. Soo Chow Lai	-	-	-	-	-	-
6.	Mr. Lee Chin Guan (Retired on 27 January 2025)	2,300,000	0.58%	-	-	2,300,000	0.58%

KEY SENIOR MANAGEMENT'S DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY

	Name of Key Senior Management	Direct Interest		Deemed Interest		Total Interest	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Mr. Tan Kok Guan	356,400	0.09%	273,600[*1]	0.07%	630,000	0.16%
2.	Mr. Looi Kong Meng	8,400	[*2]	3,600[*1]	[*2]	12,000	[*2]
3.	Mr. Chuang Chee Hing	63,716	0.02%	-	-	63,716	0.02%
4.	Mr. Yow Kai Fook	-	-	-	-	-	-

Note:

[*1] Deemed interest held by person(s) connected as defined per Section 197 of the Companies Act 2016 and by virtue of Section 59(11)(c) of the Companies Act 2016.

[*2] Less than 0.01%.

SHARE CAPITAL

AS AT 24 JANUARY 2025

The total number of issued shares as at 24 January 2025 is RM398,382,753. The changes in the number of issued shares are as follows:

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
04.10.1962	2	Subscribers' Shares	2
28.03.1963	999,998	Allotment of Shares to Essex Securities Ltd and Montreal Trust Company	1,000,000
28.06.1972	2,000,000	Bonus Issue 1:2 of 500,000 ordinary shares of RM1.00 each and Allotment of 1,500,000 ordinary shares of RM1.00 each to Kuala Lumpur Holdings Sdn. Berhad, Far Eastern Oriental Sdn. Berhad and Mr. Fred Eu Keng Fai	3,000,000
30.12.1972	3,000,000	Allotment of ordinary shares of RM1.00 each to Wei Woo Estates & Investment Limited, Hong Kong, in exchange of 6,000,000 shares of HK$1.00 each in Wei Woo Estates & Investment Limited	6,000,000
18.01.1973	2,000,000	Rights Issue 1:3 at RM1.00	8,000,000
10.06.1980	6,000,000	Allotment of 7 1/2% Convertible Preference Shares of RM0.50 each to Selected Holdings Sdn. Berhad	11,000,000
29.10.1992	8,800,000	Capitalisation of share premium account, capital reserve account and revenue reserve account (Bonus Issue 4:5)	19,800,000
22.06.1994	9,900,000	Capitalisation of share premium account and revenue reserve account (Bonus Issue 1:2)	29,700,000
01.11.1996	11,880,000	Capitalisation of unappropriated profits (Bonus Issue 2:5)	41,580,000
10.12.1996	11,880,000	Rights Issue 2:5 at RM7.00	53,460,000
15.01.1999	53,460,000	Capitalisation of share premium reserve account (Bonus Issue 1:1)	106,920,000
12.04.2000	435,000	Exercise of share options under LPI ESOS at option price of RM2.60 per share	107,355,000
18.10.2001	43,000	Exercise of share options under LPI ESOS at option price of RM2.60 per share	107,398,000
24.07.2002	10,739,000	Subscription of new ordinary shares of LPI by NIPPONKOA INSURANCE CO., LTD. at RM3.81 per share	118,137,000
08.01.2003	473,000	Exercise of share options under LPI ESOS at option price of RM3.29 per share	118,610,000
21.08.2003	1,117,000	Exercise of share options under LPI ESOS at option price of RM3.29 per share	119,727,000
30.09.2003	432,000	Exercise of share options under LPI ESOS at option price of RM3.29 per share	120,159,000

SHARE CAPITAL

AS AT 24 JANUARY 2025

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
08.01.2004	1,237,000	Exercise of share options under LPI ESOS at option price of RM3.29 per share	121,396,000
29.03.2004	1,857,000	Exercise of share options under LPI ESOS as follows: - 1,773,000 shares at option price of RM3.29 - 84,000 shares at option price of RM3.76	123,253,000
04.06.2004	619,000	Exercise of share options under LPI ESOS as follows: - 592,000 shares at option price of RM3.29 - 27,000 shares at option price of RM3.76	123,872,000
27.08.2004	921,000	Exercise of share options under LPI ESOS as follows: - 675,000 shares at option price of RM3.29 - 4,000 shares at option price of RM3.76 - 242,000 shares at option price of RM3.66	124,793,000
22.10.2004	1,545,000	Exercise of share options under LPI ESOS as follows: - 1,050,000 shares at option price of RM3.29 - 15,000 shares at option price of RM3.76 - 480,000 shares at option price of RM3.66	126,338,000
29.11.2004	980,000	Exercise of share options under LPI ESOS as follows: - 624,000 shares at option price of RM3.29 - 37,000 shares at option price of RM3.76 - 319,000 shares at option price of RM3.66	127,318,000
24.12.2004	1,583,000	Exercise of share options under LPI ESOS as follows: - 567,000 shares at option price of RM3.29 - 71,000 shares at option price of RM3.76 - 756,000 shares at option price of RM3.66 - 189,000 shares at option price of RM4.30	128,901,000
24.01.2005	1,257,000	Exercise of share options under LPI ESOS as follows: - 391,000 shares at option price of RM3.29 - 255,000 shares at option price of RM3.76 - 526,000 shares at option price of RM3.66 - 85,000 shares at option price of RM4.30	130,158,000
08.02.2005	5,653,000	Exercise of share options under LPI ESOS as follows: - 94,000 shares at option price of RM3.29 - 594,000 shares at option price of RM3.76 - 4,888,000 shares at option price of RM3.66 - 77,000 shares at option price of RM4.30	135,811,000

SHARE CAPITAL

AS AT 24 JANUARY 2025

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
18.04.2005	435,000	Exercise of share options under LPI ESOS as follows: - 27,000 shares at option price of RM3.29 - 161,000 shares at option price of RM3.76 - 112,000 shares at option price of RM3.66 - 27,000 shares at option price of RM4.30 - 108,000 shares at option price of RM5.94	136,246,000
11.07.2005	192,000	Exercise of share options under LPI ESOS as follows: - 3,000 shares at option price of RM3.29 - 11,000 shares at option price of RM3.76 - 47,000 shares at option price of RM3.66 - 27,000 shares at option price of RM4.30 - 104,000 shares at option price of RM5.94	136,438,000
21.07.2005	930,000	Exercise of share options under LPI ESOS as follows: - 1,000 shares at option price of RM3.29 - 37,000 shares at option price of RM3.76 - 87,000 shares at option price of RM3.66 - 46,000 shares at option price of RM4.30 - 759,000 shares at option price of RM5.94	137,368,000
07.10.2005	288,000	Exercise of share options under LPI ESOS as follows: - 3,000 shares at option price of RM3.29 - 26,000 shares at option price of RM3.76 - 26,000 shares at option price of RM3.66 - 8,000 shares at option price of RM4.30 - 150,000 shares at option price of RM5.94 - 75,000 shares at option price of RM6.29	137,656,000
20.10.2005	271,000	Exercise of share options under LPI ESOS as follows: - 42,000 shares at option price of RM3.29 - 11,000 shares at option price of RM3.66 - 3,000 shares at option price of RM4.30 - 127,000 shares at option price of RM5.94 - 88,000 shares at option price of RM6.29	137,927,000

SHARE CAPITAL

AS AT 24 JANUARY 2025

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
17.11.2005	23,000	Exercise of share options under LPI ESOS as follows: - 1,000 shares at option price of RM3.29 - 19,000 shares at option price of RM5.94 - 3,000 shares at option price of RM6.29	137,950,000
30.11.2005	61,000	Exercise of share options under LPI ESOS as follows: - 26,000 shares at option price of RM3.66 - 20,000 shares at option price of RM5.94 - 15,000 shares at option price of RM6.29	138,011,000
14.12.2005	165,000	Exercise of share options under LPI ESOS as follows: - 55,000 shares at option price of RM3.76 - 31,000 shares at option price of RM3.66 - 51,000 shares at option price of RM5.94 - 25,000 shares at option price of RM6.29 - 3,000 shares at option price of RM6.95	138,176,000
27.12.2005	547,000	Exercise of share options under LPI ESOS as follows: - 3,000 shares at option price of RM3.29 - 10,000 shares at option price of RM3.76 - 12,000 shares at option price of RM3.66 - 1,000 shares at option price of RM4.30 - 380,000 shares at option price of RM5.94 - 67,000 shares at option price of RM6.29 - 74,000 shares at option price of RM6.95	138,723,000
29.09.2010	68,834,150	Capitalisation of share premium reserve account (Bonus Issue 1:2)	207,557,150
29.09.2010	13,766,830	Rights Issue 1:10 at RM7.00	221,323,980
24.03.2015	110,661,828	Capitalisation of share premium reserve account (Bonus Issue 1:2)	331,985,808
11.04.2018	66,396,945	Capitalisation of share premium reserve account and retained earnings account (Bonus Issue 1:5)	398,382,753

PARTICULARS OF PROPERTY HELD BY THE GROUP

Location	Units 02-39, 02-41, 02-43 and 02-45 Goldhill Plaza Newton Road Singapore
Description	2nd floor of 6 storey building
Current use	Rented out to third parties
Tenure	Leasehold 999 years
Remaining lease period (Expiry date)	946 years (26 February 2971)
Age of property	53 years
Built-up area	4,952 sq. ft
Net book value	RM32,604,000
Date of acquisition	26 February 1972
Date of last revaluation	16 December 2024

GROUP CORPORATE DIRECTORY

GROUP CORPORATE DIRECTORY

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ASSOCIATED COMPANY

CAMPU LONPAC INSURANCE PLC (HEAD OFFICE)
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Fax : (855) 23 986 273 / 23 986 308 Website : www.cpbebank.com/campu-lonpac-insurance

NOTICE OF THE 64TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 64th Annual General Meeting (AGM) of LPI Capital Bhd (LPI) will be held on Tuesday, 29 April 2025 at 10.00 a.m. at Sabah Room, Basement II, Shangri-La Hotel Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia (Main Venue) and virtually by way of electronic means via TIIH Online website at https://tiih.online (Online Platform).

The 64th AGM will be held for the following purposes:

AGENDA

As Ordinary Business

1.	To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2024 and the Reports of the Directors and Auditors thereon.	(Please refer to Explanatory Note 1)
2.	To re-elect the following Directors who retire by rotation in accordance with Clause 89 of the Company's Constitution and who being eligible, offer themselves for re-election:	(Please refer to Explanatory Note 2)
	i. Mr. Tan Kok Guan	Ordinary Resolution 1
	ii. Ms. Soo Chow Lai	Ordinary Resolution 2
3.	To approve the payment of Directors' Fees and Board Committee Chairman Fees of RM1,418,613 for the financial year ended 31 December 2024.	Ordinary Resolution 3 (Please refer to Explanatory Note 3)
4.	To approve the payment of Directors' Benefit on Allowances for Directors amounting to RM389,000 for the financial year ended 31 December 2024.	Ordinary Resolution 4 (Please refer to Explanatory Note 4)
5.	To approve the Directors' Benefit on Insurance Coverage for Non-Executive Directors from 64th AGM to 65th AGM of the Company.	Ordinary Resolution 5 (Please refer to Explanatory Note 5)
6.	To re-appoint Messrs. KPMG PLT as Auditors of the Company for the financial year ending 31 December 2025 and to authorise the Directors to fix the Auditors' remuneration.	Ordinary Resolution 6

By Order of the Board

KONG THIAN MEE
(MAICSA 7024050)/ SSM PC No.: 202008001185
Company Secretary

Kuala Lumpur
28 February 2025

NOTICE OF THE 64TH ANNUAL GENERAL MEETING

NOTICE OF THE 64TH ANNUAL GENERAL MEETING

NOTES:

1. Hybrid 64th AGM

   1.1 The 64th AGM of the Company will be held on a hybrid mode whereby Member(s), proxy(ies), corporate representative(s) or attorney(s) will have an option, either:

   (a) To attend physically in person at the Main Venue (Physical Attendance); OR
   (b) To attend virtually using the Remote Participation and Voting (RPV) facilities which are available on the TIIH Online platform at https://tiih.online (Virtual Attendance).

   Please refer to the Administrative Notes for the full guide to Physical Attendance and Virtual Attendance at the 64th AGM.

   1.2 **All** Member(s), proxy(ies), corporate representative(s) or attorney(s) who wish to attend the 64th AGM **must register** as a user with TIIH Online first and then **pre-register** their attendance on TIIH Online to verify their eligibility to attend the 64th AGM based on the General Meeting Record of Depositors as at 22 April 2025 and to confirm their mode of attendance, either Physical Attendance or Virtual Attendance.

   1.3 The pre-registration is open from the date of the Notice of the 64th AGM on **Friday, 28 February 2025** and the closing date and time shall be:

   (a) at **10.00 a.m.** on **Sunday, 27 April 2025** for Physical Attendance at the Main Venue; or
   (b) until such time before the voting session ends at the 64th AGM on Tuesday, 29 April 2025 for Virtual Attendance using RPV facilities.

2. Submission of questions before and during the meeting

   2.1 Members may submit questions in relation to the agenda items for the 64th AGM prior to the meeting via TIIH Online at https://tiih.online by selecting “e-Services” to login, pose questions and submit electronically not later than **10.00 a.m.** on **Sunday, 27 April 2025**. The responses to these questions will be shared at the 64th AGM.

   2.2 During the 64th AGM, Members who are physically present at the Main Venue will be able to ask questions in person. Members who attend virtually using the RPV facilities may use the **Query Box** facility to ask questions real time (in the form of typed text) during the meeting. The Board and senior management will be in attendance at the Main Venue to provide responses accordingly.

3. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company.

4. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.

7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

8. The instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than 27 April 2025 at 10.00 a.m. You can also have the option to submit the proxy appointment electronically via Tricor’s TIIH Online website at https://tiih.online no later than 27 April 2025 at 10.00 a.m.

9. A member who has appointed a proxy or attorney or authorised representative to participate at this 64th AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV facilities via TIIH Online website at https://tiih.online.

10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of Meeting will be put to vote by poll.

EXPLANATORY NOTES:

1. The Audited Financial Statements are for discussion only as they do not require shareholders’ approval pursuant to the provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016. Hence, this matter will not be put for voting.

2. The profiles of Directors seeking re-election are set out in the Board of Directors’ Profiles section of the Company’s Integrated Annual Report 2024.

   The Board, on the recommendation of the Nomination and Remuneration Committee, supported the re-election of the retiring Directors. The Board and the Nomination and Remuneration Committee had reviewed the assessment results of the Board Evaluation Exercise conducted for the financial year ended 31 December 2024 and were satisfied with the performance and contributions of the retiring Directors that they had effectively discharged their duties and responsibilities well.

3. The breakdown of the proposed payment of Directors’ Fees and Board Committee Chairman Fees of RM1,418,613 for the financial year ended 31 December 2024 is as set out below:

Each Director’s Fee and Board Committee Chairman Fee (per annum)		
Chairman	Other Directors	Chairman of Board Committee
RM330,000	RM181,500	Additional RM35,000

4. The breakdown of the proposed payment of Directors’ Allowances amounting to RM389,000 for the financial year ended 31 December 2024 is as set out below:

Meeting Attendance Allowances (per meeting attended)	Per Member
• Board Meeting	RM2,000
• Audit Committee Meeting	RM2,000
• Risk, Compliance and Sustainability Committee Meeting	RM2,000
• Nomination and Remuneration Committee Meeting	RM2,000

Board Committees Membership Allowance (per month)	RM3,000 per Director

5. Proposed Directors’ Benefit on Insurance Coverage for Non-Executive Directors is as per following:

Insurance
(i) Hospitalisation and Surgical Insurance
(ii) Personal Accident Insurance
(iii) Travel Insurance

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LPI CAPITAL BHD 196201000175 (4688-D)
(Incorporated in Malaysia)

PROXY FORM

I/ We ________________________________ NRIC (New)/ Company No. : ____________________
(INSERT FULL NAME IN BLOCK CAPITAL)
of ____
(FULL ADDRESS)
being a member/ members of **LPI CAPITAL BHD**, hereby appoint* ____________________________
(INSERT FULL NAME IN BLOCK CAPITAL)
NRIC (New) No. : ________________ of ______________________________________
(FULL ADDRESS)
and ________________________________ NRIC (New) No. : ____________________
(INSERT FULL NAME IN BLOCK CAPITAL)
of ____
(FULL ADDRESS)

or failing him, the Chairman of the Meeting as *my/ our proxy/ proxies to participate and vote for *me/ us on *my/ our behalf, at the 64th Annual General Meeting (AGM) of the Company to be held on Tuesday, 29 April 2025 at 10.00 a.m. at Sabah Room, Basement II, Shangri-La Hotel Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia (Main Venue) and virtually by way of electronic means via TIIH Online website at https://tiih.online (Online Platform), or any adjournment thereof, to vote as indicated below :-

NO.	RESOLUTION	FOR	AGAINST
Ordinary Business			
1.	Re-election of Mr. Tan Kok Guan as Director.		
2.	Re-election of Ms. Soo Chow Lai as Director.		
3.	Approval of payment of Directors' Fees and Board Committee Chairman Fees.		
4.	Approval of payment of Directors' Allowances.		
5.	Approval of Insurance Coverage for Non-Executive Directors.		
6.	Re-appointment of Messrs. KPMG PLT as Auditors of the Company and authority to the Directors to fix the Auditors' remuneration.		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the Proxy(ies) will vote or abstain from voting at his discretion.)

Dated this ________ day of ____________ 2025

No. of ordinary shares held	:	
CDS Account No.	:	
Proportion of shareholdings to be represented by proxies	:	First Proxy : ___________% Second Proxy : ___________%
Contact No.	:	

____
Signature of Member/ Common Seal

Notes:
1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
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7. A member who has appointed a proxy or attorney or authorised representative to participate at this 64th AGM via Remote Participation and Voting (RPV) facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV facilities via TIIH Online website at https://tiih.online.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of Meeting will be put to vote by poll.
9. For the purpose of determining a member who shall be entitled to attend this 64th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 22 April 2025. Only a depositor whose name appears on the Record of Depositors as at 22 April 2025 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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STAMP

Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,
Malaysia

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LPI CAPITAL BHD

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