

**FUSURE REINSURANCE COMPANY LIMITED**  
(incorporated in Hong Kong with limited liability)

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2024**

**FUSURE REINSURANCE COMPANY LIMITED**

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

| <b>Contents</b>                   | <b>Page</b> |
|-----------------------------------|-------------|
| Report of the directors           | 1 - 3       |
| Independent auditor's report      | 4 - 7       |
| Statement of comprehensive income | 8           |
| Statement of financial position   | 9 - 10      |
| Statement of changes in equity    | 11          |
| Statement of cash flows           | 12 - 13     |
| Notes to the financial statements | 14 - 57     |

## **FUSURE REINSURANCE COMPANY LIMITED**

### **REPORT OF THE DIRECTORS**

The directors submit their report together with the audited financial statements of FuSure Reinsurance Company Limited (the “Company”) for the year ended 31 December 2024.

#### **Principal activity**

The principal activity of the Company is provision of reinsurance service.

#### **Results and appropriations**

The results of the Company for the year ended 31 December 2024 are set out in the statement of comprehensive income on page 12.

The directors do not recommend the payment of a dividend.

#### **Shares issued in the year**

Details of the movement of shares issued during the year ended 31 December 2024 are set out in Note 21 to the financial statements.

#### **Directors and controllers of the Company**

The directors of the Company during the year and up to the date of this report were:

Lin Ching-Hua Davis  
Lin Haifeng  
Ren Hui Chuan  
Chan Charles Sheung Wai  
Cheung Chi Yan Louis  
Gao Cong

In accordance with the Company’s Articles of Association, all directors retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The controllers of the Company during the year and up to the date of this report were:

Naspers Limited  
Prosus N.V.  
MIH Internet Holdings B.V.  
Tencent Holdings Limited  
Success Field Cayman Limited  
Success Field Cayman Holdings Limited  
Technology Care Company Limited  
Zhou Kejun  
Shi Xiaokai

(resigned on 13 September 2024)  
(appointed on 13 September 2024)

#### **Permitted indemnity provisions**

A permitted indemnity provision for the benefit of the directors of the Company is currently in force and was in force throughout the year. The Company and its ultimate parent company have taken out and maintained directors and officer’s liability insurance which provides appropriate cover for, among others, directors of the Company.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **REPORT OF THE DIRECTORS (CONTINUED)**

#### **Management contracts**

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

#### **Material retrocession arrangements**

To enhance the Company's underwriting capacity and protect the Company against major catastrophic events, the Company cedes out its risks to other reinsurance companies to a level considered prudent by management. The Company has effected adequate retrocession arrangements with high quality retrocessionaires for its reinsurance businesses.

The reinsurers with which the Company had material retrocession arrangements during the year included:

Taiping Reinsurance Co., Ltd.  
PICC Reinsurance Co., Ltd.  
China Life Reinsurance Company Ltd.  
Asia Insurance Company Limited

#### **Directors' interests in transactions, arrangements and contracts that are significant in relation to the Company's business**

No transaction, arrangement or contract of significance in relation to the Company's business to which the Company, its subsidiary, its fellow subsidiaries or its parent companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

#### **Directors' rights to acquire shares or debentures of the Company or any specified undertaking of the Company**

Certain share options or awarded shares under the employee incentive scheme of Tencent Holdings Limited, the ultimate parent company of the Company, were granted to Ren Hui Chuan, Lin Ching-Hua Davis and Lin Haifeng, the directors of the Company, to enable them to subscribe or hold the shares of Tencent Holdings Limited or derive benefits therefrom when certain vesting conditions are met.

Saved as disclosed above, at no time during the year or at the end of the year was the Company, its subsidiary, its fellow subsidiaries or its parent company a party to any arrangements to enable 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.

#### **Business review**

Pursuant to section 388(3)(b) of the Hong Kong Companies Ordinance, the Company is exempted from the preparation of a business review as required under Schedule 5 of the Hong Kong Company Ordinance as the Company is a wholly-owned subsidiary of another body corporate during the year.

**FUSURE REINSURANCE COMPANY LIMITED**

**REPORT OF THE DIRECTORS (CONTINUED)**

**Auditor**

The financial statements for the year ended 31 December 2024 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the board of directors of the Company



Ren Hui Chuan  
Director

Hong Kong **30 APR 2025**



羅兵咸永道

## **Independent Auditor's Report**

To the Member of FuSure Reinsurance Company Limited  
(incorporated in Hong Kong with limited liability)

### **Opinion**

#### *What we have audited*

The financial statements of FuSure Reinsurance Company Limited (the "Company") standing alone, which are set out on pages 8 to 57, comprise:

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

#### *Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company standing alone as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

---

### **Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements of the Company Standing Alone section of our report.

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

#### *Independence*

We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

***Independent Auditor's Report***

To the Member of FuSure Reinsurance Company Limited (Continued)  
(incorporated in Hong Kong with limited liability)

**Other Information**

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

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

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

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

---

**Responsibilities of Directors and the Audit Committee for the Financial Statements of the Company Standing Alone**

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

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

The Audit Committee is responsible for overseeing the Company's financial reporting process.

---

***Independent Auditor's Report***

To the Member of FuSure Reinsurance Company Limited (Continued)  
(incorporated in Hong Kong with limited liability)

**Auditor's Responsibilities for the Audit of the Financial Statements of the Company Standing Alone**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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



羅兵咸永道

***Independent Auditor's Report***

To the Member of FuSure Reinsurance Company Limited (Continued)  
(incorporated in Hong Kong with limited liability)

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

We communicate with the Audit Committee 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.

PricewaterhouseCoopers

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 30 April 2025

**FUSURE REINSURANCE COMPANY LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2024**

|                                                                                                                                    | Notes | 2024<br>RMB   | 2023<br>RMB   |
|------------------------------------------------------------------------------------------------------------------------------------|-------|---------------|---------------|
| Insurance revenue                                                                                                                  | 5     | 751,072,809   | 715,805,386   |
| Insurance service expenses                                                                                                         | 20    | (721,553,393) | (670,760,032) |
| Net income from retrocession contracts held                                                                                        | 20    | 5,468,216     | 7,630,941     |
| Insurance service result                                                                                                           |       | 34,987,632    | 52,676,295    |
| Interest income                                                                                                                    | 7     | 91,197,375    | 32,649,010    |
| Net foreign exchange gain                                                                                                          |       | 44,851,890    | 6,799,639     |
| Other losses                                                                                                                       | 8     | (6,832,769)   | (22,198,158)  |
| (Impairment loss)/reversal of impairment loss on financial assets at fair value through other comprehensive income                 |       | (699,830)     | 37,792        |
| Net investment income                                                                                                              |       | 128,516,666   | 17,288,283    |
| Finance expenses from reinsurance contracts issued                                                                                 | 20    | (8,423,992)   | (9,154,876)   |
| Finance income from retrocession contracts held                                                                                    | 20    | 2,495,127     | 2,405,154     |
| Net insurance finance expenses                                                                                                     |       | (5,928,865)   | (6,749,722)   |
| Net insurance and investment result                                                                                                |       | 157,575,433   | 63,214,856    |
| Administrative expenses                                                                                                            | 9     | (54,539,585)  | (47,157,691)  |
| Finance costs                                                                                                                      | 6     | (721,365)     | (168,170)     |
| Profit before taxation                                                                                                             |       | 102,314,483   | 15,888,995    |
| Income tax expense                                                                                                                 | 11    | (2,709,594)   | (302,869)     |
| Profit after taxation                                                                                                              |       | 99,604,889    | 15,586,126    |
| <b>Other comprehensive income</b>                                                                                                  |       |               |               |
| Items that may be reclassified subsequently to profit or loss:                                                                     |       |               |               |
| Changes in fair value of financial assets at fair value through other comprehensive income                                         |       | (1,514,631)   | 17,347,060    |
| Recycling of cumulative loss into profit or loss on disposals of financial assets at fair value through other comprehensive income |       | 1,221,213     | 2,158,965     |
| Impairment loss/(reversal of impairment loss) on financial assets at fair value through other comprehensive income                 |       | 699,830       | (37,792)      |
| Other comprehensive income for the year                                                                                            |       | 406,412       | 19,468,233    |
| Total comprehensive income for the year                                                                                            |       | 100,011,301   | 35,054,359    |

The notes on pages 14 to 57 are an integral part of these financial statements.

**FUSURE REINSURANCE COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2024**

|                                                                      | Notes | 2024<br>RMB          | 2023<br>RMB          |
|----------------------------------------------------------------------|-------|----------------------|----------------------|
| <b>Assets</b>                                                        |       |                      |                      |
| Property and equipment                                               | 15    | 2,679,026            | 4,201,170            |
| Intangible assets                                                    | 16    | 223,712              | 1,111,969            |
| Right-of-use assets                                                  | 17    | 10,090,821           | 15,355,598           |
| Investment in a subsidiary                                           | 13    | 4,000,000            | 4,000,000            |
| Deferred tax assets                                                  | 11    | -                    | 310,808              |
| Financial assets at fair value through other<br>comprehensive income | 19    | 1,732,114,747        | 724,759,511          |
| Prepayments, deposits and other receivables                          | 14    | 4,183,635            | 6,409,883            |
| Financial assets at fair value through profit or loss                | 19    | -                    | 9,415,596            |
| Retrocession contract assets                                         | 20    | 117,724,927          | 77,227,163           |
| Bank deposits with original maturity more than three<br>months       |       | -                    | 50,000,000           |
| Cash and cash equivalents                                            | 18    | 562,890,695          | 1,279,427,464        |
| <b>Total assets</b>                                                  |       | <b>2,433,907,563</b> | <b>2,172,219,162</b> |
| <b>Liabilities</b>                                                   |       |                      |                      |
| Insurance contract liabilities                                       | 20    | 524,943,656          | 373,892,606          |
| Lease liabilities                                                    | 17    | 11,440,563           | 15,781,327           |
| Deferred tax liabilities                                             | 11    | 2,412,645            | -                    |
| Other payables and accruals                                          | 22    | 42,261,789           | 29,730,340           |
| Tax payable                                                          |       | 634,606              | 611,886              |
| <b>Total liabilities</b>                                             |       | <b>581,693,259</b>   | <b>420,016,159</b>   |
| <b>Net assets</b>                                                    |       | <b>1,852,214,304</b> | <b>1,752,203,003</b> |

**FUSURE REINSURANCE COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

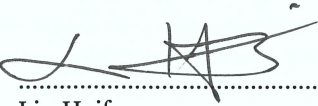
**AS AT 31 DECEMBER 2024**

|                      | Notes | 2024<br>RMB          | 2023<br>RMB          |
|----------------------|-------|----------------------|----------------------|
| Capital and reserves |       |                      |                      |
| Share capital        | 21    | 1,748,200,000        | 1,748,200,000        |
| Fair value reserve   |       | (6,807,438)          | (7,213,850)          |
| Retained earnings    |       | 110,821,742          | 11,216,853           |
| Total equity         |       | <u>1,852,214,304</u> | <u>1,752,203,003</u> |

The notes on pages 14 to 57 are an integral part of these financial statements.

The financial statements on pages 8 to 57 were approved and authorised for issue by the Board of Directors on **30 APR 2025** and are signed on its behalf by:

  
.....  
Ren Hui Chuan  
Director

  
.....  
Lin Haifeng  
Director

  
.....  
Shi Xiaokai  
Chief Executive

The notes on pages 14 to 57 are an integral part of these financial statements.

**FUSURE REINSURANCE COMPANY LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2024**

|                                                                                                                                     | Share<br>Capital<br>(Note 21)<br>RMB | Fair value<br>reserve<br>RMB | (Accumulated<br>losses)/<br>retained<br>earnings<br>RMB | Total<br>RMB  |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------|---------------------------------------------------------|---------------|
| As at 1 January 2023                                                                                                                | 835,200,000                          | (26,682,083)                 | (4,369,273)                                             | 804,148,644   |
| Comprehensive income                                                                                                                |                                      |                              |                                                         |               |
| Capital injection from the immediate holding company                                                                                | 913,000,000                          | -                            | -                                                       | 913,000,000   |
| Profit for the year                                                                                                                 | -                                    | -                            | 15,586,126                                              | 15,586,126    |
| Other comprehensive income/(loss), net of tax:                                                                                      |                                      |                              |                                                         |               |
| - Changes in fair value of financial assets at fair value through other comprehensive income                                        | -                                    | 17,347,060                   | -                                                       | 17,347,060    |
| - Recycling of cumulative loss into profit or loss on disposal of financial assets at fair value through other comprehensive income | -                                    | 2,158,965                    | -                                                       | 2,158,965     |
| - Reversal of impairment loss on financial assets at fair value through other comprehensive income                                  | -                                    | (37,792)                     | -                                                       | (37,792)      |
| As at 31 December 2023 and 1 January 2024                                                                                           | 1,748,200,000                        | (7,213,850)                  | 11,216,853                                              | 1,752,203,003 |
| Comprehensive income                                                                                                                |                                      |                              |                                                         |               |
| Profit for the year                                                                                                                 | -                                    | -                            | 99,604,889                                              | 99,604,889    |
| Other comprehensive income/(loss), net of tax:                                                                                      |                                      |                              |                                                         |               |
| - Changes in fair value of financial assets at fair value through other comprehensive income                                        | -                                    | (1,514,631)                  | -                                                       | (1,514,631)   |
| - Recycling of cumulative loss into profit or loss on disposal of financial assets at fair value through other comprehensive income | -                                    | 1,221,213                    | -                                                       | 1,221,213     |
| - Impairment loss on financial assets at fair value through other comprehensive income                                              | -                                    | 699,830                      | -                                                       | 699,830       |
| As at 31 December 2024                                                                                                              | 1,748,200,000                        | (6,807,438)                  | 110,821,742                                             | 1,852,214,304 |

The notes on pages 14 to 57 are an integral part of these financial statements.

**FUSURE REINSURANCE COMPANY LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

|                                                                                                                    | Notes | 2024<br>RMB  | 2023<br>RMB  |
|--------------------------------------------------------------------------------------------------------------------|-------|--------------|--------------|
| <b>Cash flows from operating activities</b>                                                                        |       |              |              |
| Profit before taxation                                                                                             |       | 102,314,483  | 15,888,995   |
| Adjustments for:                                                                                                   |       |              |              |
| Depreciation of property and equipment                                                                             | 15    | 1,668,562    | 1,772,153    |
| Amortisation of intangible assets                                                                                  | 16    | 888,257      | 2,710,583    |
| Amortisation on right-of-use assets                                                                                | 17    | 5,264,777    | 5,810,275    |
| Interest income                                                                                                    | 7     | (45,241,000) | (22,997,895) |
| Net foreign exchange gain                                                                                          |       | (17,139,448) | (5,916,631)  |
| Net realised loss on financial assets at fair value through other comprehensive income                             | 8     | 608,314      | 1,456,460    |
| Write off of property, plant and equipment                                                                         | 15    | -            | 7,995        |
| Net exchange differences on financial assets at fair value through other comprehensive income                      |       | (21,328,613) | (10,175,477) |
| Net unrealised gain on derivatives at fair value through profit or loss                                            | 8     | 3,031,766    | (1,457,917)  |
| Impairment loss/(reversal of impairment loss) on financial assets at fair value through other comprehensive income |       | 699,830      | (37,792)     |
| Interest expense on lease liabilities                                                                              | 6, 17 | 647,614      | 109,820      |
| Operating cash flows before changes in working capital                                                             |       | 31,414,542   | (12,829,431) |
| Decrease/(increase) in prepayments, deposits and other receivables                                                 |       | 2,434,847    | (3,315,624)  |
| Increase/(decrease) in other payables and accruals                                                                 |       | 11,253,056   | (517,833)    |
| Increase in insurance contract liabilities                                                                         |       | 151,051,050  | 238,143,887  |
| (Increase)/decrease in reinsurance contract assets                                                                 |       | (40,497,764) | 6,180,871    |
| Increase in deferred tax assets                                                                                    |       | -            | (308,959)    |
| Decrease in tax payable                                                                                            |       | -            | 305,377      |
| Net cash generated from operating activities                                                                       |       | 155,655,731  | 227,658,288  |

The notes on pages 14 to 57 are an integral part of these financial statements.

**FUSURE REINSURANCE COMPANY LIMITED**

**STATEMENT OF CASH FLOWS (COTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

|                                                                                             | Notes  | 2024<br>RMB     | 2023<br>RMB   |
|---------------------------------------------------------------------------------------------|--------|-----------------|---------------|
| <b>Cash flows from investing activities</b>                                                 |        |                 |               |
| Purchase of property and equipment                                                          | 15     | (146,418)       | (63,089)      |
| Purchase of financial assets at fair value through other comprehensive income               |        | (1,636,920,453) | (260,303,369) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income |        | 653,643,800     | 227,444,525   |
| Interest received                                                                           |        | 41,589,299      | 26,338,470    |
| Repayment of the bank deposits with original maturity more than three months                |        | 50,000,000      | 12,700,000    |
| Investment in a subsidiary                                                                  |        | -               | (4,000,000)   |
| Net cash (used in)/ generated from investing activities                                     |        | (891,833,772)   | 2,116,537     |
| <b>Cash flows from financing activities</b>                                                 |        |                 |               |
| Capital injection from the immediate holding company                                        | 21, 23 | -               | 913,000,000   |
| Repayment of lease liabilities                                                              | 23     | (4,988,378)     | (6,117,770)   |
| Net cash (used in)/ generated from financing activities                                     |        | (4,988,378)     | 906,882,230   |
| Net (decrease)/increase in cash and cash equivalents                                        |        | (741,166,419)   | 1,136,657,055 |
| Cash and cash equivalents at 1 January                                                      |        | 1,279,427,464   | 137,484,741   |
| Effects of exchange rate changes on cash and cash equivalents                               |        | 24,629,650      | 5,285,668     |
| Cash and cash equivalents at 31 December                                                    | 18     | 562,890,695     | 1,279,427,464 |
| Analysis of cash and cash equivalents at 31 December:                                       |        |                 |               |
| Bank deposits with original maturity within three months                                    |        | -               | 305,869,850   |
| Cash at banks                                                                               |        | 562,890,695     | 973,557,614   |
|                                                                                             | 18     | 562,890,695     | 1,279,427,464 |

The notes on pages 14 to 57 are an integral part of these financial statements.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1 General information**

FuSure Reinsurance Company Limited (the “Company”) is a limited liability company incorporated in Hong Kong. The address of its registered office is Unit 3501-04 & 3513-3514, The Gateway Tower 5, 15 Canton Road, Hong Kong.

The principal activity of the Company is provision for reinsurance service. On 21 April 2021, the Company obtained the certificate of authorisation from Insurance Authority (“IA”) for operating the reinsurance business.

In the opinion of the directors, the immediate parent company and ultimate parent company of the Company is Technology Care Company Limited and Tencent Holdings Limited (“Tencent Holdings”), respectively. Tencent Holdings is a company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These financial statements have been approved for issue by the board of directors of the Company on

**30 APR 2025**

#### **2 Summary of material accounting policies information**

The principal accounting policies applied in the preparation of these financial statements are set out below.

##### **2.1 Statement of compliance and basis of preparation**

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance (Cap. 622), the financial statements of the Company have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, the financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs” and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (Cap. 622) that are relevant to the preparation of company level financial statements by an intermediate parent company. As these financial statements are prepared in respect of the Company only, disclosures required by HKFRS 12 “Disclosures of Interests in Other Entities” have not been made.

No consolidated financial statements have been prepared for the Company and its subsidiary as:

- (i) The Company is a wholly owned subsidiary of Technology Care Company Limited and has satisfied the exemption requirement sets out in section 379(3)(a) of the Hong Kong Companies Ordinance (Cap. 622) and therefore it is not required to prepare consolidated financial statements;
- (ii) Tencent Holdings Limited’s principal place of business and country of incorporation are in Hong Kong and the Cayman Islands, respectively and has produced consolidated financial statements in accordance with International Financial Reporting Standards available for public use. The consolidated financial statements of Tencent Holdings Limited are obtainable at its principal place of business, 29/F., Three Pacific Place, No. 1 Queen’s Road East, Wanchai, Hong Kong;
- (iii) The Company’s debt or equity instruments are not traded in a public market; and
- (iv) The Company did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisations for the purpose of issuing any class of instruments in a public market.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policies information (Continued)**

##### **2.1 Statement of compliance and basis of preparation (Continued)**

The financial statements have been prepared under the historical cost convention except that (i) financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are carried at fair values and (ii) balances related to insurance contracts are measured based on the methods described in the accounting policies.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimate and judgement are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, and areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

HKFRS 17 establishes new accounting requirements for reinsurance contracts. The new standard was adopted in accordance with its transitional provisions which require retrospective application and restatement of comparative information as if HKFRS 17 had always been in effect. The Company adopts full retrospective approach (the "FRA") and does not adopt any re-designation from HKFRS 9 perspective upon adopting HKFRS 17. Details of the net asset value impact are stated in the statement of changes in equity.

(a) **New standards, amendments to standards and interpretation adopted by the Company**

The Company has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2024:

|                                      |                                                                                                                                 |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| Amendments to HKAS 1                 | Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants                              |
| Hong Kong Interpretation 5 (Revised) | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |
| Amendments to HKFRS 16               | Lease Liability in a Sale and Leaseback                                                                                         |
| Amendments to HKAS 7 and HKFRS 7     | Supplier Finance Arrangements                                                                                                   |

(b) **New standards, amendments to standards and interpretation not yet adopted**

A number of new standards, amendments to standards and interpretation have not been adopted or have not been early adopted in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policies information (Continued)**

##### **2.2 Summary of material accounting policies**

###### **2.2.1 Reinsurance contracts**

###### *Definition and classification*

Reinsurance contracts are classified as insurance contracts when the Company accepts significant insurance risk transfer from another party (the “cedant”) by agreeing to indemnify the cedant for some or all of the losses that the cedants may incur from claims made against it or due to a specified uncertain future event (the “reinsured event”) thereby adversely impacting the cedant.

###### *Unit of account*

The Company manages reinsurance contracts issued by product lines and geographic territory, where each product line and region includes contracts that are subject to similar risks. All reinsurance contracts within same product line and region represent a portfolio of contracts. Each portfolio is further disaggregated into groups of reinsurance contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. In certain cases, the Company considers an individual contract or treaty as a group - the unit of account under HKFRS 17.

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

Before the Company accounts for an reinsurance contract based on the guidance in HKFRS 17, it analyses whether the contract contains components that should be separated. HKFRS 17 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services.

The Company applies HKFRS 17 to all remaining components of the contract. The Company does not have any contracts that require further separation or combination of reinsurance contracts.

###### *Recognition and derecognition*

Groups of reinsurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of reinsurance contracts becomes onerous.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policies information (Continued)**

##### **2.2 Summary of material accounting policies (Continued)**

##### **2.2.1 Reinsurance contracts (Continued)**

###### *Recognition and derecognition (Continued)*

Reinsurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

###### *Accounting for contract modification and derecognition*

A reinsurance contract is derecognised when it is:

- extinguished (i.e. when the obligation specified in the reinsurance contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria are met.

When a reinsurance contract accounted for under the premium allocation approach (the "PAA") is derecognised, adjustments to the fulfilment cash flows (the "FCF") to remove relating rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- (a) if the contract is extinguished, any net difference between the derecognised part of the liability for remaining coverage (the "LRC") of the original contract and any other cash flows arising from extinguishment;
- (b) if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party;
- (c) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

###### *FCF within contract boundary*

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

The estimates of future cash flows:

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

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims (the "LIC").

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policies information (Continued)**

##### **2.2 Summary of material accounting policies (Continued)**

##### **2.2.1 Reinsurance contracts (Continued)**

###### *FCF within contract boundary (Continued)*

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

###### *Contract boundary*

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of reinsurance contracts. This assessment is reviewed every reporting period.

Cash flows are within the boundary of a reinsurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the cedant with reinsurance coverage or other services. A substantive obligation ends when:

- (a) the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- (b) both of the following criteria are satisfied:
  - (i) the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - (ii) the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the cedant to the Company, such as reinsurance risk and financial risk, are considered.

###### *Insurance acquisition costs*

The Company includes the following acquisition cash flows within the reinsurance contract boundary that arise from selling, underwriting and starting a group of reinsurance contracts and that are:

- (a) costs directly attributable to individual contracts and groups of reinsurance contracts; and
- (b) costs directly attributable to the portfolio of reinsurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of reinsurance contracts.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policies information (Continued)**

##### **2.2 Summary of material accounting policies (Continued)**

##### **2.2.1 Reinsurance contracts (Continued)**

###### *Risk adjustment for non-financial risk*

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

For retrocession contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the retrocessionaire.

The Company applies the confidence level technique to determine the risk adjustment and sets the target confidence level at 75th percentile. However, due to the current stage, the Company relies on market benchmarks to determine the risk adjustment.

###### *Initial and subsequent measurement – Groups of reinsurance contracts measured under the PAA*

The Company uses PAA for measuring the reinsurance contracts that the respective groups of acquired contracts meet the PAA eligibility criteria.

For reinsurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

For retrocession contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount of a group of reinsurance contracts issued at the end of each reporting period is the sum of:

- (a) the LRC; and
- (b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount of a group of retrocession contracts held at the end of each reporting period is the sum of:

- (a) the remaining coverage; and
- (b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For reinsurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- (a) increased for premiums received in the period;
- (b) decreased for reinsurance acquisition cash flows paid in the period;

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policies information (Continued)**

##### **2.2 Summary of material accounting policies (Continued)**

##### **2.2.1 Reinsurance contracts (Continued)**

*Initial and subsequent measurement – Groups of reinsurance contracts measured under the PAA (Continued)*

For reinsurance contracts issued, at each of the subsequent reporting dates, the LRC is: (Continued)

- (c) decreased for the amounts of expected premiums received recognised as insurance revenue for the services provided in the period; and
- (d) increased for the amortisation of reinsurance acquisition cash flows in the period recognised as insurance service expenses.

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

- (a) increased for ceding premiums paid in the period; and
- (b) decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Company does not adjust the LRC for reinsurance contracts issued and the remaining coverage for retrocession contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the general measurement model (the "GMM"), with the future cash flows are adjusted for the time value of money.

##### *Onerous contracts – Loss component*

If facts and circumstances indicate that a group of reinsurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Company increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are disaggregated between insurance service expenses and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of change therein.

When a loss is recognised on initial recognition of an onerous group of underlying reinsurance contracts or on addition of onerous underlying reinsurance contracts to that group, the carrying amount of the asset for remaining coverage for retrocession contracts held measured under the PAA is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying reinsurance contracts by the percentage of claims on underlying reinsurance contracts that the Company expects to recover from the retrocession contract held that are entered into before or at the same time as the loss is recognised on the underlying reinsurance contracts.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policies information (Continued)**

##### **2.2 Summary of material accounting policies (Continued)**

###### **2.2.1 Reinsurance contracts (Continued)**

###### *Impairment of Reinsurance contracts*

The Company assesses the recoverability of reinsurance contract liabilities at each reporting date. An impairment loss is recognized when the expected cash inflows associated with an reinsurance contract are lower than its carrying amount. This assessment considers the estimated future premiums, claims, and other costs, discounted to reflect the time value of money and the risks associated with the cash flows.

###### *Insurance revenue*

As the Company provides insurance contract services under the group of reinsurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services. The Company considers the economic effect of amounts exchanged between the Company and the cedants when determining this amount.

For groups of reinsurance contracts measured under the PAA, the Company recognises insurance revenue based on the passage of time and expected provision of services provided by the contract.

###### *Insurance service expenses*

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

###### **2.2.2 Financial assets**

###### **(i) Classification**

The Company has classified its financial assets in the following measurement categories:

- Amortised cost; or
- Fair value through other comprehensive income ("FVOCI"); or
- Fair value through profit or loss ("FVPL")

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

###### **(ii) Recognition and derecognition**

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

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policies information (Continued)**

##### **2.2 Summary of material accounting policies (Continued)**

##### **2.2.2 Financial assets (Continued)**

###### **(iii) Measurement**

At initial recognition, the Company measures financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets, such as fees and commissions. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

###### **(iv) Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the financial assets and the cash flow characteristics of the financial assets.

There are three measurement categories into which the Company classifies its debt instruments:

###### **Amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in the credit risk management section of these financial statements. Interest income from these financial assets is included in the statement of comprehensive income using the effective interest rate method.

###### **Fair value through other comprehensive income**

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income. Movements in the fair value are taken through other comprehensive income, except for the recognition of impairment, interest revenue and foreign exchange gains and losses which are recognised in the statement of comprehensive income in the same manner as financial assets measured at amortised cost. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from other comprehensive income to profit or loss. Interest income from debt instruments at FVOCI is included in the statement of comprehensive income using the effective interest rate method.

###### **Fair value through profit or loss**

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in the statement of comprehensive income in the period in which it arises.

###### **(v) Financial liabilities**

Financial liabilities are recognised initially at their fair value less transaction costs, and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policies information (Continued)**

##### **2.2 Summary of material accounting policies (Continued)**

##### **2.2.2 Financial assets (Continued)**

###### **(vi) Impairment of financial assets**

###### Impairment of financial assets measured at amortised cost and fair value through other comprehensive income

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

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

The exposure of default ("EAD") represents the expected balance at default, considering the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The loss given default ("LGD") represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

A 3-Stages approach to impairment for financial assets that are performing at the date of origination or purchase is summarised as follows:

- Stage 1: The Company recognises a credit loss allowance at an amount equal to 12-month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after initial recognition.
- Stage 2: The Company recognises a credit loss allowance at an amount equal to lifetime expected credit losses for those financial assets which are considered to have experienced a significant increase in credit risk since initial recognition. Allowances for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.
- Stage 3: The Company recognises a credit loss allowance at an amount equal to lifetime expected credit losses, reflecting that financial assets are credit impaired with 100% probability of default.

##### **2.2.3 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policies information (Continued)**

##### **2.3 Summary of other accounting policies**

###### **2.3.1 Foreign currency translation**

###### **(a) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”).

The functional and presentation currency of the Company is RMB.

###### **(b) Transactions and balances**

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

###### **2.3.2 Interest income**

Interest income on financial assets measured at amortised cost and FVOCI calculated using the effective interest method is recognised in statement of comprehensive income as part of the investment income.

For financial assets measured at amortised cost and FVOCI that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets. For credit-impaired financial assets, the effective interest rate is applied to net carrying amount (i.e. gross carrying amount net of loss allowance) of the assets.

###### **2.3.3 Impairment of non-financial assets**

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

###### **2.3.4 Receivables**

Receivables are presented as current assets unless settlement is not due within 12 months after the reporting period. They are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value, and subsequently measured at amortised cost using the effective interest method.

###### **2.3.5 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policies information (Continued)**

##### **2.3 Summary of other accounting policies (Continued)**

###### **2.3.6 Payables**

Payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

###### **2.3.7 Current and deferred income tax**

The income tax expense for the period comprises current and deferred tax, which is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country/area where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised if they arise from the initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction neither accounting nor taxable profit or loss is affected. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available to utilise those temporary differences and tax losses.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

###### **2.3.8 Leases**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

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

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policies information (Continued)**

##### **2.3 Summary of other accounting policies (Continued)**

###### **2.3.8 Leases (Continued)**

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company uses that rate as a starting point to determine the incremental borrowing rate.

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

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, if any
- any initial direct costs, and
- restoration costs, if any.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and low-value assets are recognised on a straight-line basis as an expense in statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policies information (Continued)**

##### **2.3 Summary of other accounting policies (Continued)**

###### **2.3.9 Subsidiaries**

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries (see Note 2.3.3) is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets including goodwill.

###### **2.3.10 Property and equipment**

Property and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost less subsequent accumulated depreciation and impairment losses, if any (see accounting policy on impairment of non-financial assets in Note 2.3.3).

Depreciation is recognised so as to write off the cost of items of property and equipment less their residual value over their estimated useful lives, using the straight-line method.

- Leasehold improvements - 6 years
- Furniture and office equipment - 5 years
- Computer equipment - 3 to 4 years

Where parts of an item of property and equipment have different useful lives, the cost of the items is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses arising on the disposal or retirement of an item of property and equipment determined as the difference between the sales proceeds and the carrying amount of the asset are recognised in profit or loss.

###### **2.3.11 Intangible assets**

The intangible assets are stated in the statement of financial position at cost less subsequent accumulated amortisation and subsequent accumulated impairment losses, if any.

Amortisation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Amortisation of the intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives of 3 years.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policies information (Continued)**

##### **2.3 Summary of other accounting policies (Continued)**

###### **2.3.11 Intangible assets (Continued)**

An item of the intangible assets is derecognised upon on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised. Gains shall not be classified as other income.

###### **2.3.12 Provisions and contingent liabilities**

Provisions are recognised when the Company has a present obligation arising as a result of a past event, and it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

###### **2.3.13 Employee benefits**

###### **Pension obligations**

The Company offers a mandatory provident fund scheme, the assets of which are generally held in separate trustee-administered funds. These pension plans are funded by payments from employees and by the Company.

The Company's contributions to the mandatory provident fund scheme are expensed as incurred. Other than mandatory provident fund contributions, the Company's contributions may be reduced by contributions forfeited by those employees who leave prior to vesting fully in the contributions.

###### **Bonus plans/long-term incentive programmes**

Liabilities for bonus plans due within twelve months after the end of the reporting period are recognised when the Company has a present or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for long-term incentives are recognised when the Company has established a present or constructive obligation arising from services rendered by employees.

## FUSURE REINSURANCE COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Insurance and financial risk management (Continued)

The Company is a subsidiary of Tencent Holdings. The Company is principally engaged in the provision for reinsurance services. The Company's management of insurance and financial risk is a critical aspect of the business as the Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under the reinsurance contracts as well as market risk through its investment activities.

Details of the Company's insurance and financial risk management policies and procedures are set out as follows:

#### Categories of financial and insurance assets and liabilities

|                                                                   | 2024<br>RMB          | 2023<br>RMB          |
|-------------------------------------------------------------------|----------------------|----------------------|
| <b>Financial assets</b>                                           |                      |                      |
| Financial assets at fair value through other comprehensive income | 1,732,114,747        | 724,759,511          |
| Financial assets at fair value through profit or loss             | -                    | 9,415,596            |
| Deposits and other receivables                                    | 3,720,428            | 6,164,270            |
| Bank deposits with original maturity more than three months       | -                    | 50,000,000           |
| Cash and cash equivalents                                         | 562,890,695          | 1,279,427,464        |
|                                                                   | <u>2,298,725,870</u> | <u>2,069,766,841</u> |
|                                                                   | 2024<br>RMB          | 2023<br>RMB          |
| <b>Financial liabilities</b>                                      |                      |                      |
| Other payables and accruals                                       | <u>40,708,523</u>    | <u>28,177,074</u>    |
|                                                                   | 2024<br>RMB          | 2023<br>RMB          |
| <b>Insurance assets</b>                                           |                      |                      |
| Retrocession contract assets                                      | <u>117,724,927</u>   | <u>77,227,163</u>    |
|                                                                   | 2024<br>RMB          | 2023<br>RMB          |
| <b>Insurance liabilities</b>                                      |                      |                      |
| Insurance contract liabilities                                    | <u>524,943,656</u>   | <u>373,892,606</u>   |

#### **Risk management objectives and policies for mitigating insurance risk**

Insurance risks are managed through the application of various policies and procedures relating to underwriting, pricing, claims and retrocession as well as experience monitoring. The Company uses internal risk measurement models, sensitivity analyses and scenario analyses to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. The theory of probability is applied to the pricing and provisioning for a portfolio of reinsurance contracts. The principal risk is that the frequency and severity of claims may be greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any year may vary from those estimated by use of established statistical techniques.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **3 Insurance and financial risk management (Continued)**

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

###### Underwriting strategy

The Company's reinsurance portfolio is basically sickness, motor vehicle, general liability and property damage class of general business with the underlying insured primarily from Mainland China and Hong Kong.

###### Retrocession strategy

The Company purchases whole account and Personal Accident Excess of Loss ("PA XL") retrocession protection in order to increase its underwriting capacity, diversify its risk exposure and harmonise its net retention exposure to avoid any significant adverse impact on its financial performance which may be caused by single or multiple catastrophic losses. The retrocession protections are chosen after management's consideration, including retrocessionaires' reputation and credit worthiness.

###### Terms and conditions of reinsurance contracts

The terms and conditions of reinsurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from reinsurance contracts are set out below:

###### Product features

The Company underwrites proportional reinsurance treaties in Mainland China and Hong Kong.

Reinsurance may take a relatively long period of time to finalise and settle claims for a given reinsurance contract after the contract period lapses. The speed of claims reporting and claims settlement is a function of the specific coverage provided, the jurisdiction and the specific policy provisions and the nature of underlying risks. There are numerous components underlying the reinsurance business.

##### **Management of risks**

The key risks associated with reinsurance contracts are those relating to underwriting.

The Company maintains marketing and underwriting teams who are responsible for the underwriting and sales of the Company's reinsurance products. The teams have the requisite expertise to provide our clients with the products that meet their needs and within the Company's risk appetite. All inward business is screened and analysed by the underwriting and product teams. The decision to underwrite and the level of risk exposure accepted are determined by reference to the underwriting guideline setting out the types of business desired, and the maximum capacity per risk and per zone. Such criteria are determined by considering factors including the risk exposure, the pricing, the profit potential, the class of business, the retrocession facilities available and the market trends.

The Company arranges quota share and excess of loss retrocessions for its reinsurance business, in order to enhance its underwriting capacity as well as to harmonise its net retained exposures. Proportional retrocessions have been arranged in respect of its accident and health reinsurance business from the Mainland China territories. In addition, a personal accident excess of loss retrocession covers is also arranged to protect the Company against major catastrophic events.

## FUSURE REINSURANCE COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Insurance and financial risk management (Continued)

##### Concentration of insurance risks

Concentration of risk arises from the accumulation of risks within a particular business line and geographic area. The tables shown below indicate the gross premiums written by business line and geographic territory for the year ended 31 December 2024 and 2023.

By business line:

|                                              | Percentage to total<br>gross premiums written |            |
|----------------------------------------------|-----------------------------------------------|------------|
|                                              | 2024<br>%                                     | 2023<br>%  |
| General sickness business – treaty business  | 79                                            | 90         |
| Motor vehicle business – treaty business     | 10                                            | 5          |
| General liability business – treaty business | 6                                             | -          |
| Property damage business – treaty business   | 5                                             | 5          |
|                                              | <u>100</u>                                    | <u>100</u> |

|                | Percentage to total<br>gross premiums written |            |
|----------------|-----------------------------------------------|------------|
|                | 2024<br>%                                     | 2023<br>%  |
| Mainland China | 94                                            | 95         |
| Hong Kong      | 6                                             | 5          |
|                | <u>100</u>                                    | <u>100</u> |

##### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to insurance risks at the end of the reporting period. The sensitivity rates represent the rates used when reporting insurance risk internally to key management personnel and represents management's assessment of the reasonable possible change in the net insurance losses. Figures in brackets represent decrease in profit after tax whereas figures without brackets represent increase in profit after tax and equity due to no OCI option is elected by the Company.

|                                                        | 2024                    |                                                    | 2023                    |                                                    |
|--------------------------------------------------------|-------------------------|----------------------------------------------------|-------------------------|----------------------------------------------------|
|                                                        | Change in<br>loss ratio | Effect on<br>profit after tax<br>and equity<br>RMB | Change in<br>loss ratio | Effect on<br>profit after tax<br>and equity<br>RMB |
| Net claim losses<br>(including investment components)  | +/-10%                  | (68,111,480)/<br>16,516,976                        | +/- 10%                 | (101,824,178)/<br>73,176,165                       |
| Net claims losses<br>(excluding investment components) | +/-10%                  | (54,488,358)/<br>52,890,763                        | +/- 10%                 | (75,968,943)/<br>47,320,930                        |

The measurement of Company's insurance and retrocession contracts are not materially sensitive to discount rate movements.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **3 Insurance and financial risk management (Continued)**

##### **Concentration of insurance risks (Continued)**

##### Financial risk management

The Company's investment activities and reinsurance/retrocession business may result in the Company assuming financial risks. These include market risk, credit risk and liquidity risk. Each of these financial risks is described below, together with a summary of the ways in which the Company manages these risks. There is no significant change in the nature of the Company's exposures to risk and how they arise, nor the Company's objectives, policies and processes for managing each of these risks.

##### **Market risks**

Market risk can be described as the risk of change in fair value of a financial instruments due to changes in interest rates, equity prices or foreign currency exchange rates.

##### Interest rate risk

Interest rate risk is risk to the earnings or market values of financial instruments due to uncertain future market interest rates.

Certain fixed-rate debt securities classified under the financial assets at fair value through other comprehensive income are subjected to fair value interest rate risk.

The Company monitors this exposure through periodic reviews of its financial instruments. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio, are reviewed periodically.

If the interest rate had been 50 basis point higher/lower, with all other variables held constant:

- For the year ended 31 December 2024, the fair value reserve would decrease/increase by approximately RMB34,396,000 (2023: RMB7,446,000) and RMB33,662,000 (2023: RMB7,462,000) as a result of changes in the fair value of fixed-rate debt securities measured at FVOCI, calculated by using the effective interest method.

For cash flow interest rate risk arising from variable-rate deposits at banks and debt securities measured at FVOCI, if market interest rates had been 50 basis point higher/lower, with all other variables held constant:

- For the year ended 31 December 2024, the profit after taxation would increase/decrease by approximately RMB4,468,000 (2023: RMB6,448,000) and RMB4,468,000 (2023: RMB6,448,000), calculated by using the effective interest method.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk to all financial instruments in existence at that date.

## FUSURE REINSURANCE COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Insurance and financial risk management (Continued)

##### Market risks (Continued)

##### Foreign exchange risk

The Company aims to protect itself from foreign exchange risk by matching the amounts of financial assets and liabilities denominated in the respective foreign currencies. Foreign exchange risk refers to the profit or loss volatilities of the Company arising from the exchange differences in its financial assets and liabilities denominated in foreign currencies.

As at 31 December 2024 and 2023, the foreign exchange risk mainly arises from certain financial assets held by the Company which are denominated in US\$ and HK\$. The majority of the insurance assets and liabilities is denominated in RMB.

The following table presents the carrying amounts of the Company's financial assets and financial liabilities, in RMB equivalent by major currencies:

##### As at 31 December 2024

|                                                                   | HK\$                | US\$                 | Total                |
|-------------------------------------------------------------------|---------------------|----------------------|----------------------|
| (Expressed in RMB equivalent)                                     |                     |                      |                      |
| <b>Financial assets</b>                                           |                     |                      |                      |
| Financial assets at fair value through other comprehensive income | -                   | 1,531,943,735        | 1,531,943,735        |
| Deposits and other receivables                                    | 1,655,631           | 1,723,186            | 3,378,817            |
| Cash and cash equivalents                                         | 21,741,366          | 360,806,289          | 382,547,655          |
|                                                                   | <u>23,396,997</u>   | <u>1,894,473,210</u> | <u>1,917,870,207</u> |
| <b>Financial liabilities</b>                                      |                     |                      |                      |
| Other payables and accruals                                       | <u>40,526,486</u>   | <u>3,000,607</u>     | <u>43,527,092</u>    |
| Net exposure to foreign exchange risk                             | <u>(17,129,489)</u> | <u>1,891,472,603</u> | <u>1,874,343,114</u> |

**FUSURE REINSURANCE COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**3 Insurance and financial risk management (Continued)**

**Market risks (Continued)**

Foreign exchange risk (Continued)

**As at 31 December 2023**

|                                                                   | HK\$              | US\$                 | Total                |
|-------------------------------------------------------------------|-------------------|----------------------|----------------------|
| (Expressed in RMB equivalent)                                     |                   |                      |                      |
| <b>Financial assets</b>                                           |                   |                      |                      |
| Financial assets at fair value through other comprehensive income | -                 | 532,981,933          | 532,981,933          |
| Deposits and other receivables                                    | 1,866,149         | 2,027,502            | 3,893,651            |
| Cash and cash equivalents                                         | 12,939,153        | 935,550,170          | 948,489,323          |
|                                                                   | <u>14,805,302</u> | <u>1,470,559,605</u> | <u>1,485,364,907</u> |
| <b>Financial liabilities</b>                                      |                   |                      |                      |
| Financial liabilities at fair value through profit or loss (Note) | -                 | 435,234,404          | 435,234,404          |
| Other payables and accruals                                       | 11,563,827        | 5,489,962            | 17,053,789           |
|                                                                   | <u>11,563,827</u> | <u>440,724,366</u>   | <u>452,288,193</u>   |
| Net exposure to foreign exchange risk                             | <u>3,241,475</u>  | <u>1,029,835,239</u> | <u>1,033,076,714</u> |

Note: The Financial liabilities at fair value through profit or loss represents the pay leg of the derivative the Company entered, which is valued at RMB9,415,596 in asset position as at 31 December 2023. The notional amount of the derivative as at 31 December 2023 is US\$61,368,039 (equivalent to approximately RMB435,234,404) and the receive leg position of RMB444,650,000.

The following table indicates the approximate change in the Company's profit after tax in response to reasonably possible changes in the foreign exchange rates to which the Company has significant exposure at the end of the reporting period.

|      | 2024                            |                                     | 2023                            |                                     |
|------|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
|      | Foreign currency strengthens by | Effect on profit after taxation RMB | Foreign currency strengthens by | Effect on profit after taxation RMB |
| HK\$ | 5%                              | (785,815)                           | 5%                              | 148,703                             |
| US\$ | 5%                              | 86,771,306                          | 5%                              | 47,243,692                          |

Figures without brackets represent increase in profit after tax whereas figures in brackets represent decrease in profit after tax.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **3 Insurance and financial risk management (Continued)**

##### **Market risks (Continued)**

###### Foreign exchange risk (Continued)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Company's exposure to currency risk for both financial assets and liabilities in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates for the net exposure reported as at 31 December 2024 and 2023. Results of the analysis as presented above represent an aggregation of the effects on each of the Company's profit/loss after tax and equity measured in the respective foreign currencies at the end of the reporting period. The analysis is performed on the same basis as last period.

##### **Credit risk**

Credit risk is the risk of economic loss resulting from the failure of one of the obligors to make full payment of principal or interest when due.

The Company is exposed to credit risks primarily associated with reinsurance premium receivables, retrocession assets, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and cash and cash equivalents.

###### Credit risk of reinsurance contract issued

The credit quality of reinsurance premium receivables have been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties.

Management are of the opinion that the risk of default by these counterparties is not significant and does not expect any material losses from non-performance by the counterparties. Therefore, the non-performance risk of reinsurance premium receivables is assessed to be not material and no provision for non-performance risk was provided as at 31 December 2024 and 2023.

###### Retrocession contract held

Retrocession assets are generally payable from the date of billing and the need to make impairment varies according to the contract specific conditions and prevailing market practices applicable. To reduce the credit risk with retrocessionaires, the Company takes into account, among other factors, their credit ratings and underwriting track record, as well as the Company's past transactions experience with them. The Company also spreads the credit risk by retroceding with a number of retrocessionaires. As at 31 December 2024, the total retrocession assets were due from four (2023: five) retrocessionaires with no past default history.

The credit risk associated with the cedants and retrocessionaires is managed by regular evaluation of the credit quality of the relevant insurance companies. As at 31 December 2024, the cedants and retrocessionaires are with credit rating of A- (2023: A-) or above by external credit agencies, as required by the Company's internal risk management policy. In addition, the balances are held under a net settlement arrangement against the corresponding insurance creditor balances with the same cedant or retrocessionaire.

The maximum exposure to credit risk for the reinsurance contracts issued and retrocession contracts held represent the carrying amount of unsettled balances with the cedants and retrocessionaires at the end of the reporting period.

## FUSURE REINSURANCE COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Insurance and financial risk management (Continued)

##### Credit risk (Continued)

Financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and cash and cash equivalents

In respect of the financial assets at FVOCI, all investment in debt securities are with credit ratings of investment grades.

As at 31 December 2024 and 2023, all financial assets at FVOCI were custodied by an international bank with a high credit rating. In respect of the financial assets at FVOCI, all investment in debt securities are with credit ratings of investment grades, the assessed impairment loss was minimal.

The credit risk on cash and cash equivalents was also minimal because the bank balances and deposits were deposited in international banks with high credit ratings.

Other than concentration of credit risk mentioned above, the Company does not have any other significant concentration of credit risk.

The carrying amount of the financial assets set out in the statement of financial position after deducting any impairment allowance represents the maximum exposure to credit risk at the end of the reporting period.

The gross carrying amount of debt securities measured at FVOCI and the ECL allowances as at 31 December 2024 and 2023 are as follows:

|                                                                                   | 2024<br>RMB          | 2023<br>RMB        |
|-----------------------------------------------------------------------------------|----------------------|--------------------|
| <b>Debt securities measured at FVOCI</b>                                          |                      |                    |
| Stage 1 - Unimpaired and without significant increase in credit risk              | 1,732,114,747        | 724,759,511        |
| Stage 2 - Significant increase in credit risk                                     | -                    | -                  |
| Stage 3 - Credit-impaired                                                         | -                    | -                  |
| Total gross debt securities measured at FVOCI                                     | <u>1,732,114,747</u> | <u>724,759,511</u> |
| <b>Impairment loss/(reversal of impairment loss) on financial assets at FVOCI</b> | <u>699,830</u>       | <u>(37,792)</u>    |

Movement in the ECL allowances in respect of the debt securities measured at FVOCI during the year is as follows:

|                                                              | 2024<br>RMB      | 2023<br>RMB     |
|--------------------------------------------------------------|------------------|-----------------|
| <b>Reconciliation of ECL allowances</b>                      |                  |                 |
| Balance as at 1 January                                      | 357,029          | 394,821         |
| Impairment losses/(reversal of impairment losses) recognised | <u>699,830</u>   | <u>(37,792)</u> |
| Balance as at 31 December                                    | <u>1,056,859</u> | <u>357,029</u>  |

## FUSURE REINSURANCE COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Insurance and financial risk management (Continued)

##### Credit risk (Continued)

##### Financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and cash and cash equivalents (Continued)

The Company applies the HKFRS 9 three-stage model to measure the expected credit losses allowance. Expected loss rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the financial assets.

##### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Due to the dynamic nature of the underlying business, the Company's treasury function aims to maintain sufficient cash or cash equivalents to meet the expected payments and react to any possible uncertainties of cash outflows.

The Company has to meet daily calls on its available cash resources, notably from claims arising from its reinsurance contracts. There is, therefore, a risk that cash will not be available to settle liabilities when due.

The Company manages this risk by formulating policies and general strategies of liquidity management to ensure that the Company can meet its financial obligations in normal circumstances and that an adequate stock of high-quality liquid assets is maintained in order to contain the possibility of a liquidity crisis.

Apart from liquidity management and regulatory compliance, the Company always strives to maintain a comfortable liquidity cushion as a safety net for coping with unexpected large funding requirements and to maintain a contingency plan to be enacted should there be a Company's specific crisis.

The following table presents the contractual undiscounted cash flows of the Company's financial liabilities and lease liabilities.

|                                | Less than 1<br>year | 1 year to 5<br>years | More than 5<br>years | Total<br>undiscounted<br>cash flows | Carrying<br>value |
|--------------------------------|---------------------|----------------------|----------------------|-------------------------------------|-------------------|
| <u>As at 31 December 2024</u>  | RMB                 | RMB                  | RMB                  | RMB                                 | RMB               |
| Other payables and<br>accruals | 42,261,789          | -                    | -                    | 42,261,789                          | 42,261,789        |
| Lease liabilities              | 6,181,517           | 5,666,391            | -                    | 11,847,908                          | 11,440,563        |
|                                | <u>48,443,306</u>   | <u>5,666,391</u>     | <u>-</u>             | <u>54,109,697</u>                   | <u>53,702,352</u> |

## FUSURE REINSURANCE COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Insurance and financial risk management (Continued)

##### Liquidity risk (Continued)

|                                | Less than 1<br>year<br>RMB | 1 year to 5<br>years<br>RMB | More than 5<br>years<br>RMB | Total<br>undiscounted<br>cash flows<br>RMB | Carrying<br>value<br>RMB |
|--------------------------------|----------------------------|-----------------------------|-----------------------------|--------------------------------------------|--------------------------|
| <u>As at 31 December 2023</u>  |                            |                             |                             |                                            |                          |
| Other payables and<br>accruals | 29,730,340                 | -                           | -                           | 29,730,340                                 | 29,730,340               |
| Lease liabilities              | 5,382,258                  | 5,382,258                   | 5,382,258                   | 16,146,774                                 | 15,781,327               |
|                                | <u>35,112,598</u>          | <u>5,382,258</u>            | <u>5,382,258</u>            | <u>45,877,114</u>                          | <u>45,511,667</u>        |

Liabilities arising under reinsurance and retrocession contracts are excluded from the above information. The nature of the Company's reinsurance contract is such that it is not practicable to estimate reliably the maturity profile of reinsurance contract liabilities. The liquidity risk that arises from this inherent uncertainty is managed by maintaining assets at call, if necessary.

The Company's general reinsurance business is viewed as short-term, with all the settlements of reinsurance contract balances and retrocession contract balances expected to occur within one to five years of the period of risk.

##### Fair value measurements of financial instruments

###### Fair value hierarchy

HKFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market and internal assumptions. These two types of inputs have created the following fair value hierarchy:

###### Level Descriptions

- (1) Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity (for example, Hong Kong Stock Exchange, New York Stock Exchange) and exchanges traded derivatives like futures.
- (2) Quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in inactive markets and valued using models where all significant inputs are observable. The sources of input parameters include market interest yield curve, or Bloomberg and Reuters for counterparty credit risk, etc.
- (3) Inputs for the asset or liability where one or more of the significant input is not based on observable market data (unobservable inputs).

The hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **3 Insurance and financial risk management (Continued)**

##### **Fair value measurements of financial instruments (Continued)**

###### Fair value estimation

As at 31 December 2024 and 2023, the financial assets at fair value through other comprehensive income are classified as level 1 as they are listed debt securities with quoted market prices in active markets. The financial assets at fair value through profit or loss is classified as level 2 as it is a derivative with quoted price in an inactive market and valued using model where all significant inputs are observable.

As at 31 December 2024 and 2023, the carrying amounts of receivables and payables measured at amortised costs approximate their fair values.

###### **Capital risk management**

The Company is an authorised insurer regulated under the Insurance Ordinance (Cap. 41 of the Laws of Hong Kong) ("IO"). The paid-up capital is managed in compliance with the capital requirements as stipulated by the IA. The Company also conducts stress test to ensure sufficient capital is maintained to weather adverse macroeconomic conditions.

The Company's primary insurance regulator is the IA, which requires the Company to meet the capital requirements of the IO. The IO sets minimum capital requirements that an insurer must meet in order to be authorised to carry on insurance business in or from Hong Kong. The Company has adopted Risk-based Capital ("RBC") regime introduced by the IA from 1 July 2024. The Company is in compliance with the solvency and capital adequacy requirements applied by its regulator.

The Company intends to retain earnings in the early years to strengthen the capital positions. The Board would review the Company's financial status and determine the appropriate level and form of dividends should there be such a transaction proposed.

#### **4 Critical accounting estimates and judgements**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **4 Critical accounting estimates and judgements (Continued)**

- (a) Fair value measurement of financial assets at fair value through other comprehensive income and at fair value through profit or loss

The Company determines the fair values of financial assets traded in active markets using quoted bid prices as of each reporting date. The fair values of financial assets that are not traded in active markets are typically determined using a variety of other valuation techniques, such as prices observed in recent transactions and values obtained from current bid prices of comparable investments. More judgement is used in measuring the fair value of financial assets for which market observable prices are not available or are available only infrequently.

The degree of judgement used in measuring the fair value of financial assets generally correlates with the level of pricing observability. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and general market conditions.

- (b) Eligibility considerations of the PAA

The Company applies the PAA to simplify the measurement of reinsurance contracts. In addition to the contracts with coverage of less than one year, the PAA can be used for measurement of groups of reinsurance contracts where the entity reasonably expects that such a simplification would produce a measurement of the LRC that would not differ materially from the one that would be produced by applying the GMM.

The Company exercises significant judgement to determine whether there the LRC measured under GMM is materially different with the LRC measured under PAA. In the event for a group of reinsurance contracts, the LRC results between the measurement model differs larger than the thresholds determined by the Company, the PAA will not be eligible and the Company shall apply the GMM to recognise and measure that group of reinsurance contracts. The Company's groups of reinsurance contracts and retrocession contracts are eligible for PAA for this reporting period as the difference of the LRC measured under GMM is not materially different to the LRC measured under PAA.

The judgements exercised in setting the thresholds to determine "material difference" in the above assessment fundamentally affect the approach the group of reinsurance contracts is recognised and presented in the financial statements. The accounting policy on PAA's recognition and measurement is described in note 2.2.1.

- (c) Key sources of estimation uncertainty

It can take a significant period of time before the ultimate claims cost can be established with certainty. The primary technique adopted by management in estimating the cost of ultimate claims is using the past claim settlement trends and other relevant facts or information to predict the future claim settlement trends. At each reporting date, prior year estimates of claims are reassessed for adequacy and any changes from the previous assessment are made to the provision. The Company also applies discounting to the LIC and the determination of discount rates involves significant judgement as described below. The Company has elected not to apply discounting to the LRC.

- (d) Discount rates

The bottom-up approach is used in deriving discount rate, namely adding an illiquidity premium to the risk-free rates. The current business of the Company is mainly short-term reinsurance treaties. The illiquidity premium is minimal. The Company adopts the Chinese Government Bond yields as the source of risk-free yield curve.

# FUSURE REINSURANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 4 Critical accounting estimates and judgements (Continued)

#### (e) Estimation of pipeline premiums

Premiums written for the year include estimates for expected reinsurance premiums in which the reinsurance risk is accepted but not reported by cedants as of the year end. The Company makes the estimate based on the historical premiums pattern, preliminary information from the relevant cedants, and other factors. Based on the pipeline premiums estimated, the Company develops the corresponding estimates of claims and commission including the retrocessionaires' share.

### 5 Insurance revenue

Insurance revenue represents the reinsurance contracts measured under PAA.

### 6 Finance costs

|                                                 | 2024<br>RMB    | 2023<br>RMB    |
|-------------------------------------------------|----------------|----------------|
| Interest expense on lease liabilities (Note 17) | 647,614        | 109,820        |
| Others                                          | 73,751         | 58,350         |
|                                                 | <u>721,365</u> | <u>168,170</u> |

### 7 Interest income

|                                                                                       | 2024<br>RMB       | 2023<br>RMB       |
|---------------------------------------------------------------------------------------|-------------------|-------------------|
| Interest income from debt securities at fair value through other comprehensive income | 45,241,000        | 22,997,895        |
| Interest income from bank deposits                                                    | 45,956,375        | 9,651,115         |
|                                                                                       | <u>91,197,375</u> | <u>32,649,010</u> |

### 8 Other losses

|                                                                                        | 2024<br>RMB        | 2023<br>RMB         |
|----------------------------------------------------------------------------------------|--------------------|---------------------|
| Investment expenses                                                                    | (3,192,689)        | (2,150,218)         |
| Net realised loss on financial assets at fair value through other comprehensive income | (608,314)          | (1,456,460)         |
| Net realised loss on derivatives at fair value through profit or loss                  | -                  | (20,041,402)        |
| Net unrealised gain on derivatives at fair value through profit or loss                | (3,031,766)        | 1,457,917           |
| Write off of property, plant and equipment (Note 15)                                   | -                  | (7,995)             |
|                                                                                        | <u>(6,832,769)</u> | <u>(22,198,158)</u> |

**FUSURE REINSURANCE COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**9 Administrative expenses**

|                                                                           | 2024<br>RMB                | 2023<br>RMB                |
|---------------------------------------------------------------------------|----------------------------|----------------------------|
| Auditor's remuneration                                                    | 1,055,240                  | 989,097                    |
| Employee benefits expenses (excluding directors' emoluments and benefits) | 50,619,973                 | 38,284,059                 |
| Legal and professional expenses                                           | 412,824                    | 170,256                    |
| Directors' emoluments and benefits (Note 10)                              | 3,173,946                  | 2,033,634                  |
| Consultancy service expenses                                              | 5,639,666                  | 5,095,481                  |
| Amortisation on right-of-use assets (Note 17)                             | 5,264,777                  | 5,810,275                  |
| Amortisation on intangible assets (Note 16)                               | 888,257                    | 2,710,583                  |
| Depreciation on property, plant and equipment (Note 15)                   | 1,668,562                  | 1,772,153                  |
| Short term lease expenses (Note 17)                                       | 36,998                     | 74,382                     |
| Outsourcing service fees                                                  | 7,571,367                  | 4,780,743                  |
| Office expenses                                                           | 7,071,696                  | 6,106,630                  |
| Other operating expenses                                                  | 935,466                    | 2,114,131                  |
|                                                                           | <hr/>                      | <hr/>                      |
| Expense allocation                                                        | 84,338,772<br>(29,799,187) | 69,941,424<br>(22,783,733) |
|                                                                           | <hr/>                      | <hr/>                      |
|                                                                           | 54,539,585                 | 47,157,691                 |
|                                                                           | <hr/>                      | <hr/>                      |

**10 Benefits and interests of directors**

The following disclosures are made pursuant to section 383(1)(a) to (f) of the Companies Ordinance Cap. 622 and Parts 2 to 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation Cap. 622G:

(a) Directors' emoluments

Directors' remuneration disclosed pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation is set out as below:

|                                 | 2024<br>RMB | 2023<br>RMB |
|---------------------------------|-------------|-------------|
| Directors' fee                  | 2,837,117   | 1,936,128   |
| Salaries and other emoluments   | 336,829     | 97,506      |
| Retirement scheme contributions | -           | -           |
|                                 | <hr/>       | <hr/>       |

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year (2023: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2024, the Company did not pay consideration to any third parties for making available directors' services (2023: Nil).

# FUSURE REINSURANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 10 Benefits and interests of directors (Continued)

- (d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and controlled entities with such directors

As at 31 December 2024, there were no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors (2023: Nil).

- (e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: Nil).

### 11 Income tax expense

- (i) Income tax

The Company is subject to the Hong Kong profits tax at the rate of 8.25% (2023: 8.25%) on the estimated assessable profit for the year (2023: The Company is subject to the Hong Kong profits tax at the rate of 8.25% on the estimated assessable profit for the year).

|                                     | 2024<br>RMB      | 2023<br>RMB    |
|-------------------------------------|------------------|----------------|
| <b>Current tax</b>                  |                  |                |
| Provision for the year              | -                | 613,677        |
| <b>Deferred tax</b>                 |                  |                |
| Origination of temporary difference | 2,709,594        | (310,808)      |
|                                     | <u>2,709,594</u> | <u>302,869</u> |

The tax on the Company's profit before taxation differs from the theoretical amount that would arise using the tax rate in Hong Kong is as follows:

|                                                                                          | 2024<br>RMB      | 2023<br>RMB    |
|------------------------------------------------------------------------------------------|------------------|----------------|
| Profit before taxation                                                                   | 102,314,483      | 15,888,995     |
| Calculated at a tax rate of 8.25% (2023: 8.25%)                                          | 8,440,945        | 1,310,842      |
| Expenses not deductible for tax                                                          | 211,878          | 1,565,850      |
| Income not taxable for tax                                                               | (7,111,539)      | (634,457)      |
| Tax effect of unrecognised temporary differences                                         | 2,487,038        | (127,788)      |
| Tax effect of recognised temporary differences                                           | 2,709,594        | -              |
| (Under)/over provision of tax losses in prior year                                       | (4,167,865)      | 1,844,849      |
| Tax effect of utilisation of tax losses previously not recognised as deferred tax assets | 139,543          | (3,656,427)    |
| Income tax expense                                                                       | <u>2,709,594</u> | <u>302,869</u> |

As at 31 December 2024, the Company had tax losses carried forward of RMB47,191,775 (2023: RMB82,534,735) and no deferred tax asset had been recognised. The tax losses do not expire under the current tax legislation. The Company has elected to spread any one-off increase in assessable profits over a period of five years, due to the adoption of the RBC regime effective on 1 July 2024.

**FUSURE REINSURANCE COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**11 Income tax expense (Continued)**

(i) Income tax (continued)

As at 31 December 2023, deferred tax assets of RMB310,808 had been recognised in respect of the temporary difference of RMB3,767,370.

(ii) Deferred tax

The deferred tax assets represent the tax losses carried forward recognised at year end, and the movements are shown as follows:

|                                                         | 2024<br>RMB        | 2023<br>RMB    |
|---------------------------------------------------------|--------------------|----------------|
| At January                                              | 310,808            | -              |
| (Debited)/credited to statement of comprehensive income | (2,709,594)        | 310,808        |
| Exchange difference                                     | (13,859)           | -              |
| At 31 December                                          | <u>(2,412,645)</u> | <u>310,808</u> |

*OECD Pillar Two model rules*

The Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Bill 2024 ("the Pillar Two legislation"), which seeks to establish a 15% global minimum tax rate for multinational enterprises, was gazetted on 27 December 2024. As at the reporting date, the Pillar Two legislation has not been enacted or substantively enacted in Hong Kong. The Company is continuing to assess the impact of the application of the Pillar Two legislation.

**FUSURE REINSURANCE COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**12 Claims development**

Gross claims development

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the below claims development disclosure on a gross of reinsurance basis as at 31 December 2024.

|                                                                              | Underwriting year |               |               |              | Total           |
|------------------------------------------------------------------------------|-------------------|---------------|---------------|--------------|-----------------|
|                                                                              | 2021<br>RMB       | 2022<br>RMB   | 2023<br>RMB   | 2024<br>RMB  |                 |
| <b>Estimate of ultimate claim costs (gross of reinsurance, undiscounted)</b> |                   |               |               |              |                 |
| At end of underwriting year                                                  | 143,163,569       | 406,190,548   | 435,779,480   | 542,171,418  | 1,527,305,015   |
| One year later                                                               | 333,509,329       | 1,115,512,387 | 1,121,821,174 | -            | 2,570,842,890   |
| Two years later                                                              | 345,803,700       | 1,166,416,742 | -             | -            | 1,512,220,442   |
| Three years later                                                            | 347,105,515       | -             | -             | -            | 347,105,515     |
| Cumulative gross claims and other directly attributable expenses paid        | (321,518,944)     | (664,038,299) | (597,265,994) | (56,713,090) | (1,639,536,327) |
| Gross cumulative claims liabilities - underwriting years from 2021 to 2024   | 25,586,571        | 502,378,443   | 524,555,180   | 485,458,328  | 1,537,978,522   |
| Effect of discounting                                                        |                   |               |               |              | 1,179,563       |
| Effect of the risk adjustment margin for non-financial risk                  |                   |               |               |              | 11,287,867      |
| Gross LIC for the contracts originated                                       |                   |               |               |              | 1,550,445,952   |

# FUSURE REINSURANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 12 Claims development (Continued)

#### Retrocession claims development

|                                                                               | Underwriting year |               |              |             | Total         |
|-------------------------------------------------------------------------------|-------------------|---------------|--------------|-------------|---------------|
|                                                                               | 2021<br>RMB       | 2022<br>RMB   | 2023<br>RMB  | 2024<br>RMB |               |
| <b>Estimate of ultimate claim costs (gross of retrocession, undiscounted)</b> |                   |               |              |             |               |
| At end of underwriting year                                                   | 56,587,506        | 41,199,364    | 62,529,501   | 91,755,862  | 252,072,233   |
| One year later                                                                | 254,373,260       | 239,259,178   | 144,364,288  |             | 637,996,726   |
| Two years later                                                               | 276,450,307       | 374,548,854   | -            |             | 650,999,161   |
| Three years later                                                             | 276,216,798       |               |              |             | 276,216,798   |
| Cumulative gross claims and other directly attributable expenses paid         | (271,183,656)     | (150,398,836) | (51,356,471) | (664,451)   | (473,603,414) |
| Gross cumulative claims liabilities - underwriting years from 2021 to 2024    | 5,033,142         | 224,150,018   | 93,007,817   | 91,091,411  | 413,282,388   |
| Effect of discounting                                                         |                   |               |              |             | 741,810       |
| Effect of the risk adjustment margin for non-financial risk                   |                   |               |              |             | 841,292       |
| Gross amounts recoverable on incurred claims for the contracts originated     |                   |               |              |             | 414,865,490   |

### 13 Investment in a subsidiary

The information of the Company's subsidiary as at 31 December 2024 is as follows:

| Name of company | Place of incorporation                     | Proportion of ownership interest |                        | Registered and paid share capital                                                                                                                         | Principal activity               |
|-----------------|--------------------------------------------|----------------------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
|                 |                                            | As at 31 December 2024           | As at 31 December 2023 |                                                                                                                                                           |                                  |
| 深圳市赋诚科技咨询有限公司   | The People's Republic of China ("the PRC") | 100%                             | 100%                   | Registered share capital of RMB 10,000,000 (2023: RMB10,000,000) and the paid share capital of RMB 4,000,000 as at 31 December 2024 (2023: RMB 4,000,000) | Provision of commercial services |

## FUSURE REINSURANCE COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 13 Investment in a subsidiary (Continued)

On 15 November 2022, the Company has set up a subsidiary, namely 深圳市赋诚科技咨询有限公司, which was incorporated in the PRC with registered share capital of RMB10,000,000. There was no paid share capital as at 31 December 2023 and there were no business activities conducted by the subsidiary during the period from 15 November 2022 (date of incorporation) to 31 December 2023.

During the year ended 31 December 2024, the Company has injected share capital of RMB4,000,000 by the form of cash consideration. The total paid share capital as at 31 December 2024 is RMB4,000,000. The principal business activities of the subsidiary is provision for commercial services to the Company.

In accordance with the requirements of the Company Law of the People's Republic of China, the remaining unpaid share capital of RMB 6,000,000 will be injected into the subsidiary on or before November 15, 2027.

#### 14 Prepayments, deposits and other receivables

|                      | 2024<br>RMB      | 2023<br>RMB      |
|----------------------|------------------|------------------|
| Deposits             | 1,824,111        | 2,024,629        |
| Prepayments (Note)   | 463,207          | 245,613          |
| Interest receivables | 1,896,317        | 4,139,641        |
|                      | <u>4,183,635</u> | <u>6,409,883</u> |

Note:

The prepayments include prepaid administrative expenses to a related company amounted to RMB222 as at 31 December 2024 (2023: RMB 67,235).

The carrying amounts of prepayments, deposits and other receivables approximate their fair values as at 31 December 2024 and 2023.

#### 15 Property and equipment

|                                              | Leasehold<br>improvements<br>RMB | Computer<br>equipment<br>RMB | Furniture and<br>Office<br>equipment<br>RMB | Total<br>RMB     |
|----------------------------------------------|----------------------------------|------------------------------|---------------------------------------------|------------------|
| <b>Costs:</b>                                |                                  |                              |                                             |                  |
| As at 1 January 2023                         | 5,826,329                        | 1,756,652                    | 1,483,261                                   | 9,066,242        |
| Additions during the year                    | -                                | 63,089                       | -                                           | 63,089           |
| Written-off during the year                  | -                                | -                            | (18,450)                                    | (18,450)         |
| As at 31 December 2023 and<br>1 January 2024 | <u>5,826,329</u>                 | <u>1,819,741</u>             | <u>1,464,811</u>                            | <u>9,110,881</u> |
| Additions during the year                    | -                                | 74,587                       | 71,831                                      | 146,418          |
| As at 31 December 2024                       | <u>5,826,329</u>                 | <u>1,894,328</u>             | <u>1,536,642</u>                            | <u>9,257,299</u> |

**FUSURE REINSURANCE COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**15 Property and equipment (Continued)**

|                                              | Leasehold<br>improvements<br>RMB | Computer<br>equipment<br>RMB | Furniture and<br>Office<br>equipment<br>RMB | Total<br>RMB |
|----------------------------------------------|----------------------------------|------------------------------|---------------------------------------------|--------------|
| <b>Accumulated depreciation:</b>             |                                  |                              |                                             |              |
| As at 1 January 2023                         | 1,772,730                        | 849,042                      | 526,241                                     | 3,148,013    |
| Provided for the year                        | 971,054                          | 504,446                      | 296,653                                     | 1,772,153    |
| Written-off during the year                  | -                                | -                            | (10,455)                                    | (10,455)     |
| As at 31 December 2023 and<br>1 January 2024 | 2,743,784                        | 1,353,488                    | 812,439                                     | 4,909,711    |
| Provided for the year                        | 971,055                          | 390,179                      | 307,328                                     | 1,668,562    |
| As at 31 December 2024                       | 3,714,839                        | 1,743,667                    | 1,119,767                                   | 6,578,273    |
| <b>Net book value:</b>                       |                                  |                              |                                             |              |
| As at 31 December 2023                       | 3,082,545                        | 466,253                      | 652,372                                     | 4,201,170    |
| As at 31 December 2024                       | 2,111,490                        | 150,661                      | 416,875                                     | 2,679,026    |

**16 Intangible assets**

|                                                              |           |
|--------------------------------------------------------------|-----------|
|                                                              | RMB       |
| <b>Costs:</b>                                                |           |
| As at 1 January 2023, 31 December 2023, and 31 December 2024 | 8,131,749 |
| <b>Accumulated amortisation:</b>                             |           |
| As at 1 January 2023                                         | 4,309,197 |
| Provided for the year                                        | 2,710,583 |
| As at 31 December 2023 and 1 January 2024                    | 7,019,780 |
| Provided for the year                                        | 888,257   |
| As at 31 December 2024                                       | 7,908,037 |
| <b>Net book value:</b>                                       |           |
| As at 31 December 2023                                       | 1,111,969 |
| As at 31 December 2024                                       | 223,712   |

**FUSURE REINSURANCE COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**17 Right-of-use assets and lease liabilities**

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to lease:

|                     | 2024<br>RMB | 2023<br>RMB |
|---------------------|-------------|-------------|
| Right-of-use assets | 10,090,821  | 15,355,598  |
| Lease liabilities   | 11,440,563  | 15,781,327  |

(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to lease:

|                                                                                  | 2024<br>RMB | 2023<br>RMB |
|----------------------------------------------------------------------------------|-------------|-------------|
| Amortisation on right-of-use assets (Note 9)                                     | 5,264,777   | 5,810,275   |
| Interest expense on lease liabilities (Note 6)                                   | 647,614     | 109,820     |
| Expense relating to short-term leases not included in lease liabilities (Note 9) | 36,998      | 74,382      |

(iii) Company's leasing activities

The Company has a lease contract that is made for fixed period of 3 years, with fixed monthly rental.

**18 Cash and cash equivalents**

|                                                          | 2024<br>RMB | 2023<br>RMB   |
|----------------------------------------------------------|-------------|---------------|
| Bank deposits with original maturity within three months | -           | 305,869,850   |
| Cash at banks                                            | 562,890,695 | 973,557,614   |
|                                                          | 562,890,695 | 1,279,427,464 |

**FUSURE REINSURANCE COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**19 Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss**

|                                                                               | 2024<br>RMB          | 2023<br>RMB        |
|-------------------------------------------------------------------------------|----------------------|--------------------|
| Financial assets at fair value through other comprehensive income:            |                      |                    |
| Debt securities:                                                              |                      |                    |
| Fixed rate bonds                                                              |                      |                    |
| - Listed - corporate                                                          | 1,070,086,140        | 562,360,092        |
| - Unlisted - corporate                                                        | 250,886,409          | 86,221,636         |
| Variable rate bonds                                                           |                      |                    |
| - Listed - corporate                                                          | 306,827,504          | 72,541,819         |
| - Unlisted - corporate                                                        | 104,314,694          | 3,635,964          |
|                                                                               | <u>1,732,114,747</u> | <u>724,759,511</u> |
| Financial assets at fair value through profit or loss:                        |                      |                    |
| - Derivative - exchange forwards                                              | -                    | 9,415,596          |
|                                                                               | <u>-</u>             | <u>9,415,596</u>   |
| The contractual maturity of the bonds as at the reporting date is as follows: |                      |                    |
| Less than 1 year                                                              | 215,364,586          | 193,131,272        |
| Over 1 year but less than 2 years                                             | 241,863,475          | 192,890,463        |
| More than 2 years                                                             | 1,274,886,686        | 338,737,776        |
|                                                                               | <u>1,732,114,747</u> | <u>724,759,511</u> |

# FUSURE REINSURANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 20 Reconciliation of the remaining coverage and incurred claims components

#### (i) Reinsurance contracts issued

|                                                                   | 2024                             |                   |                                                 |                                       |               |
|-------------------------------------------------------------------|----------------------------------|-------------------|-------------------------------------------------|---------------------------------------|---------------|
|                                                                   | Liability for Remaining Coverage |                   | Liability for Incurred Claims                   |                                       | Total         |
|                                                                   | Excluding<br>Loss Comp.<br>RMB   | Loss Comp.<br>RMB | Present Value<br>of Future<br>Cash Flows<br>RMB | Risk Adj. for<br>non-fin. risk<br>RMB |               |
| Insurance contract assets as<br>at 1 January                      | -                                | -                 | -                                               | -                                     | -             |
| Insurance contract liabilities<br>as at 1 January                 | (722,215,869)                    | 23,956,254        | 1,054,687,207                                   | 17,465,014                            | 373,892,606   |
| Insurance revenue                                                 | (751,072,809)                    | -                 | -                                               | -                                     | (751,072,809) |
| Insurance service expenses                                        | 20,762,856                       | (14,646,269)      | 704,521,828                                     | 10,914,978                            | 721,553,393   |
| Incurred insurance service<br>expenses                            | -                                | (34,622,254)      | 469,888,341                                     | 6,435,821                             | 441,701,908   |
| Amortisation of insurance<br>acquisition cash flows               | 20,762,856                       | -                 | -                                               | -                                     | 20,762,856    |
| Changes that relate to past<br>service                            | -                                | -                 | 234,633,487                                     | 4,479,157                             | 239,112,644   |
| Losses on onerous contracts<br>and reversals of those<br>losses   | -                                | 19,975,986        | -                                               | -                                     | 19,975,986    |
| Insurance service result                                          | (730,309,953)                    | (14,646,269)      | 704,521,828                                     | 10,914,978                            | (29,519,416)  |
| Finance expenses/(income)<br>from reinsurance contracts<br>issued | 964,729                          | (616,879)         | 7,703,253                                       | 372,889                               | 8,423,992     |
| Total amounts recognised in<br>comprehensive income               | (729,345,224)                    | (15,263,147)      | 712,225,081                                     | 11,287,867                            | (21,095,423)  |
| Investment components<br>(Note 2)                                 | (554,551,226)                    | -                 | 554,551,226                                     | -                                     | -             |
| Total cash flows                                                  | 971,916,917                      | -                 | (799,770,443)                                   | -                                     | 172,146,474   |
| Premiums received (Note 1)                                        | 991,192,217                      | -                 | -                                               | -                                     | 991,192,217   |
| Claims and other directly<br>attributable expenses paid           | -                                | -                 | (799,770,443)                                   | -                                     | (799,770,443) |
| Insurance acquisition cash<br>flows                               | (19,275,300)                     | -                 | -                                               | -                                     | (19,275,300)  |
| Insurance contract assets as<br>at 31 December                    | -                                | -                 | -                                               | -                                     | -             |
| Insurance contract liabilities<br>as at 31 December               | (1,034,195,402)                  | 8,693,106         | 1,521,693,071                                   | 28,752,881                            | 524,943,656   |

Note 1: Premiums received include commissions paid to the cedants.

Note 2: Investment components mainly comprise scaling commissions paid to the cedents.

**FUSURE REINSURANCE COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**20 Reconciliation of the remaining coverage and incurred claims components (Continued)**

**(i) Reinsurance contracts issued (Continued)**

|                                                                   | 2023                                    |                  |                                                 |                                       |               |
|-------------------------------------------------------------------|-----------------------------------------|------------------|-------------------------------------------------|---------------------------------------|---------------|
|                                                                   | <u>Liability for Remaining Coverage</u> |                  | <u>Liability for Incurred Claims</u>            |                                       |               |
|                                                                   | Excluding<br>Loss Comp<br>RMB           | Loss Comp<br>RMB | Present Value<br>of Future<br>Cash Flows<br>RMB | Risk Adj. for<br>non-fin. risk<br>RMB | Total<br>RMB  |
| Insurance contract assets as<br>at 1 January                      | -                                       | -                | -                                               | -                                     | -             |
| Insurance contract liabilities<br>as at 1 January                 | (502,442,533)                           | 14,508,896       | 606,118,479                                     | 18,351,304                            | 136,536,146   |
| Insurance revenue                                                 | (715,805,386)                           | -                | -                                               | -                                     | (715,805,386) |
| Insurance service expenses                                        | 13,471,497                              | 10,005,303       | 648,608,205                                     | (1,324,973)                           | 670,760,032   |
| Incurred insurance service<br>expenses                            | -                                       | 4,834,830        | 811,968,619                                     | 14,061,182                            | 830,864,631   |
| Amortisation of insurance<br>acquisition cash flows               | 13,471,497                              | -                | -                                               | -                                     | 13,471,497    |
| Changes that relate to past<br>service                            | -                                       | -                | (163,360,414)                                   | (15,386,155)                          | (178,746,569) |
| Losses on onerous contracts<br>and reversals of those<br>losses   | -                                       | 5,170,473        | -                                               | -                                     | 5,170,473     |
| Insurance service result                                          | (702,333,889)                           | 10,005,303       | 648,608,205                                     | (1,324,973)                           | (45,045,354)  |
| Finance (expenses)/income<br>from reinsurance contracts<br>issued | 75,437                                  | (557,945)        | 9,198,701                                       | 438,683                               | 9,154,876     |
| Total amounts recognised in<br>comprehensive income               | (702,258,452)                           | 9,447,358        | 657,806,906                                     | (886,290)                             | (35,890,478)  |
| Investment components<br>(Note 2)                                 | (498,194,013)                           | -                | 498,194,013                                     | -                                     | -             |
| Total cash flows                                                  | 980,679,129                             | -                | (707,432,191)                                   | -                                     | 273,246,938   |
| Premiums received (Note 1)                                        | 993,331,104                             | -                | -                                               | -                                     | 993,331,104   |
| Claims and other directly<br>attributable expenses paid           | -                                       | -                | (707,432,191)                                   | -                                     | (707,432,191) |
| Insurance acquisition cash<br>flows                               | (12,651,975)                            | -                | -                                               | -                                     | (12,651,975)  |
| Insurance contract assets as<br>at 31 December                    | -                                       | -                | -                                               | -                                     | -             |
| Insurance contract liabilities<br>as at 31 December               | (722,215,869)                           | 23,956,254       | 1,054,687,207                                   | 17,465,014                            | 373,892,606   |

Note 1: Premiums received include commissions paid to the cedants.

Note 2: Investment components mainly comprise scaling commissions paid to the cedants.

**FUSURE REINSURANCE COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**20 Reconciliation of the remaining coverage and incurred claims components (Continued)**

(ii) Reinsurance contracts held

|                                                                          | 2024                             |                        |                                        |                                 |               |
|--------------------------------------------------------------------------|----------------------------------|------------------------|----------------------------------------|---------------------------------|---------------|
|                                                                          | Assets for Remaining Coverage    |                        | Amounts Recoverable on Incurred Claims |                                 | Total RMB     |
|                                                                          | Excluding Loss-recovery Comp RMB | Loss-recovery Comp RMB | Present Value of Future Cash Flows RMB | Risk Adj. for non-fin. risk RMB |               |
|                                                                          |                                  |                        |                                        |                                 |               |
| Retrocession contract assets as at 1 January                             | (183,411,801)                    | 8,564,796              | 245,753,946                            | 6,320,222                       | 77,227,163    |
| Retrocession contract liabilities as at 1 January                        | -                                | -                      | -                                      | -                               | -             |
| Retrocession expenses                                                    | (180,892,312)                    | -                      | -                                      | -                               | (180,892,312) |
| Amounts recovered from retrocession                                      | -                                | (6,973,983)            | 192,617,180                            | 717,331                         | 186,360,528   |
| Recoveries of incurred claims and other insurance service expense        | -                                | (4,138,510)            | 98,969,797                             | (4,083,462)                     | 90,747,825    |
| Changes related to past service                                          | -                                | -                      | 93,647,383                             | 4,800,793                       | 98,448,176    |
| Loss-recovery component and reversals of those losses-recovery component | -                                | (2,835,473)            | -                                      | -                               | (2,835,473)   |
| Net (expense)/ income from retrocession contracts held                   | (180,892,312)                    | (6,973,983)            | 192,617,180                            | 717,331                         | 5,468,216     |
| Finance income from retrocession contracts held                          | -                                | (46,903)               | 2,418,069                              | 123,961                         | 2,495,127     |
| Total amounts recognised in comprehensive income                         | (180,892,312)                    | (7,020,886)            | 195,035,249                            | 841,292                         | 7,963,343     |
| Investment Components                                                    | (109,053,989)                    | -                      | 109,053,989                            | -                               | -             |
| Cash flows                                                               | 174,673,630                      | -                      | (142,139,209)                          | -                               | 32,534,421    |
| Premiums paid                                                            | 174,673,630                      | -                      | -                                      | -                               | 174,673,630   |
| Amounts paid received                                                    | -                                | -                      | (142,139,209)                          | -                               | (142,139,209) |
| Retrocession contract assets as at 31 December                           | (298,684,472)                    | 1,543,910              | 407,703,975                            | 7,161,514                       | 117,724,927   |
| Retrocession contract liabilities as at 31 December                      | -                                | -                      | -                                      | -                               | -             |

**FUSURE REINSURANCE COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**20 Reconciliation of the remaining coverage and incurred claims components (Continued)**

(ii) Reinsurance contracts held (Continued)

|                                                                          | 2023                              |                         |                                        |                                 |               |
|--------------------------------------------------------------------------|-----------------------------------|-------------------------|----------------------------------------|---------------------------------|---------------|
|                                                                          | Assets for Remaining Coverage     |                         | Amounts Recoverable on Incurred Claims |                                 | Total         |
|                                                                          | Excluding Loss-recovery Comp. RMB | Loss-recovery Comp. RMB | Present Value of Future Cash Flows RMB | Risk Adj. for non-fin. risk RMB |               |
| Retrocession contract assets as at 1 January                             | (170,136,456)                     | -                       | 246,300,955                            | 7,243,535                       | 83,408,034    |
| Retrocession contract liabilities as at 1 January                        | -                                 | -                       | -                                      | -                               | -             |
| Retrocession expenses                                                    | (187,806,561)                     | -                       | -                                      | -                               | (187,806,561) |
| Amounts recovered from retrocession                                      | -                                 | 8,564,796               | 187,929,204                            | (1,056,498)                     | 195,437,502   |
| Recoveries of incurred claims and other insurance service expense        | -                                 | 8,356,463               | 95,722,965                             | 4,907,104                       | 108,986,532   |
| Changes related to past service                                          | -                                 | -                       | 92,206,239                             | (5,963,602)                     | 86,242,637    |
| Loss-recovery component and reversals of those losses-recovery component | -                                 | 208,333                 | -                                      | -                               | 208,333       |
| Net income/(expenses) from retrocession contracts held                   | (187,806,561)                     | 8,564,796               | 187,929,204                            | (1,056,498)                     | 7,630,941     |
| Finance income from retrocession contracts held                          | -                                 | -                       | 2,271,969                              | 133,185                         | 2,405,154     |
| Total amounts recognised in comprehensive income                         | 187,806,561                       | (8,564,796)             | (190,201,173)                          | 923,313                         | 10,036,095    |
| Investment Components                                                    | (91,855,841)                      | -                       | 91,855,841                             | -                               | -             |
| Cash flows                                                               | 266,387,057                       | -                       | (282,604,023)                          | -                               | (16,216,966)  |
| Premiums paid                                                            | 266,387,057                       | -                       | -                                      | -                               | 266,387,057   |
| Amounts received                                                         | -                                 | -                       | (282,604,023)                          | -                               | (282,604,023) |
| Retrocession contract assets as at 31 December                           | (183,411,801)                     | 8,564,796               | 245,753,946                            | 6,320,222                       | 77,227,163    |
| Retrocession contract liabilities as at 31 December                      | -                                 | -                       | -                                      | -                               | -             |

# FUSURE REINSURANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 21 Share capital

|                                                                | Number of<br>shares | Share<br>capital<br>RMB |
|----------------------------------------------------------------|---------------------|-------------------------|
| Ordinary shares, issued and fully paid:                        |                     |                         |
| As at 1 January 2023                                           | 1,000,000,000       | 835,200,000             |
| Capital injection (Note)                                       | -                   | 913,000,000             |
| As at 31 December 2023, 1 January 2024 and 31<br>December 2024 | 1,000,000,000       | 1,748,200,000           |

Note:

During the year ended 31 December 2023, the Company's board of directors resolved that the registered share capital of the Company to be increased by HK\$1,000,000,000 without issuing any new ordinary shares, through the capital injection by its immediate holding company, Technology Care Company Limited ("Technology Care"), at the cash consideration of HK\$1,000,000,000.

The Company received the full cash consideration during the year ended 31 December 2023. As a result of this capital injection, the Company's issued share capital is increased by HK\$1,000,000,000 (equivalents to approximately RMB913,000,000) to HK\$2,000,000,000 (equivalents to approximately RMB1,748,200,000).

### 22 Other payables and accruals

|                                    | 2024<br>RMB | 2023<br>RMB |
|------------------------------------|-------------|-------------|
| Provision for reinstatement costs  | 1,553,266   | 1,553,266   |
| Amounts due to fellow subsidiaries | 8,314,498   | 7,595,506   |
| Amounts due to a subsidiary        | 3,041,741   | 2,378,704   |
| Accrued staff costs                | 17,741,067  | 11,563,827  |
| Other payables and accruals        | 11,611,217  | 6,639,037   |
|                                    | 42,261,789  | 29,730,340  |

As at 31 December 2024 and 2023, the amounts due to fellow subsidiaries and a subsidiary were unsecured, interest free and repayable on demand.

# FUSURE REINSURANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 23 Reconciliation of liabilities arising from financing activities

The tables below detailed changes in the Company's liabilities arising from financing activities.

|                                                      | Lease liabilities<br>RMB | Share capital<br>RMB | Lease liabilities<br>RMB |
|------------------------------------------------------|--------------------------|----------------------|--------------------------|
| As at 1 January 2024                                 | 15,781,327               | 1,748,200,000        | 15,781,327               |
| Finance cost on lease liabilities/(non-cash)(Note 6) | 647,614                  | -                    | 647,614                  |
| Repayment of lease liabilities                       | (4,988,378)              | -                    | (4,988,378)              |
| As at 31 December 2024                               | 11,440,563               | 1,748,200,000        | 11,440,563               |

|                                                      | Lease liabilities<br>RMB | Share capital<br>RMB | Total<br>RMB  |
|------------------------------------------------------|--------------------------|----------------------|---------------|
| As at 1 January 2023                                 | 5,992,608                | 835,200,000          | 841,192,608   |
| Finance cost on lease liabilities/(non-cash)(Note 6) | 109,820                  | -                    | 109,820       |
| Repayment of lease liabilities                       | (6,117,770)              | -                    | (6,117,770)   |
| Addition of lease liabilities                        | 15,796,669               | -                    | 15,796,669    |
| Capital injection (Note 21)                          | -                        | 913,000,000          | 913,000,000   |
| As at 31 December 2023                               | 15,781,327               | 1,748,200,000        | 1,763,981,327 |

### 24 Related party transactions and balances

The related party transactions were carried out in the normal course of the Company's business and conducted at terms mutually agreed by the respective parties.

#### (a) Related party transactions

During the year ended 31 December 2024 and 2023, the Company had the following transactions with its related parties, which are made on terms agreed by respective parties:

|                                                                          | 2024<br>RMB | 2023<br>RMB |
|--------------------------------------------------------------------------|-------------|-------------|
| Services fee charged by fellow subsidiaries                              | 2,302,656   | 2,813,924   |
| Services fee charged by a subsidiary                                     | 7,303,877   | 3,826,180   |
| Insurance revenue and insurance service expense from a fellow subsidiary | 253,184     | -           |

#### (b) Related party balances

Save as disclosed elsewhere in these financial statements, the balances with related parties were unsecured, interest-free and repayable on demand as at 31 December 2024 and 2023.

## **FUSURE REINSURANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **25 Events after reporting period**

Certain notable subsequent events have occurred are as follows:

##### **Capital injection**

The Company's board of directors resolved that the registered share capital of the Company to be increased by HK\$1,000,000,000 without issuing any new ordinary shares, through the capital injection by its immediate holding company, Technology Care, at the cash consideration of HK\$1,000,000,000.

The Company received the full cash consideration on 21 February 2025. As a result of this capital injection, the Company's issued share capital is increased by HK\$1,000,000,000 (equivalents to approximately RMB933,700,000) to HK\$3,000,000,000 (equivalents to approximately RMB2,681,900,000).

##### **Composite business license**

The application for additional Class A (Life and Annuity) and Class D (Permanent Health) of Long-Term Business has been approved by IA. Effective from the 13th day of March 2025, the Company is designated as a Composite Reinsurer and is authorized under section 8 of the Insurance Ordinance to carry on business in or from Hong Kong for Classes 1 to 17 of General Business, as well as Class A and Class D of Long-Term Business. The authorization is confined to reinsurance business only, and the Company is not authorized to issue any direct policies of insurance in respect of such classes.