

FUSURE REINSURANCE COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2025

FUSURE REINSURANCE COMPANY LIMITED

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

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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 2025.

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 2025 are set out in the statement of comprehensive income on page 8.

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 2025 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:

REN, Huichuan
LIN, CHING-HUA
CHEUNG, Chi Yan Louis
LIN, Haifeng
GAO, CONG
CHAN, Charles Sheung Wai

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
SHI, Xiaokai

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 a panel of high quality and well diversified retrocessionaires to support 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
AXA China Region Insurance Company (Bermuda) Limited
China Property & Casualty Reinsurance Company Limited
Peak Reinsurance Company Limited
General Reinsurance AG, Singapore Branch
MS Amlin Asia Pacific Pte. Ltd, Singapore, for and on behalf of MS Amlin Syndicate 2001 at Lloyd's
Lloyd's Underwriter Syndicate No. 4472 LIB, London, United Kingdom

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 Huichuan, LIN CHING-HUA 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 2025 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, Huichuan
Director

Hong Kong,

30 APR 2026

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 61, comprise:

- the statement of financial position as at 31 December 2025;
- 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 2025, and of its financial performance and its cash flows for the year then ended in accordance with the applicable HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") relevant to these financial statements 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 ("HKSAs") as 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.

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 Those Charged with Governance 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 the applicable HKFRS Accounting Standards as issued by the HKICPA relevant to these financial statements 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.

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

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.

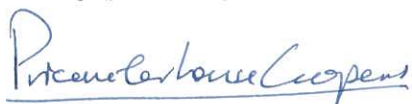
As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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.

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

The engagement partner on the audit resulting in this independent auditor's report is Derrick, Simon Cheung (practising certificate number: P08367).

A handwritten signature in blue ink, which appears to read "PricewaterhouseCoopers", is written over a horizontal line.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 30 April 2026

FUSURE REINSURANCE COMPANY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025 HKD	2024 HKD (Restated)
Reinsurance revenue	5	856,693,382	813,289,452
Reinsurance service expenses	20	(790,304,550)	(781,324,736)
Net (expense)/income from retrocession contracts held	20	(22,983,382)	5,921,188
Reinsurance service result		43,405,450	37,885,904
Interest income	7	153,708,504	98,751,895
Net foreign exchange gain		32,013,529	48,567,287
Other gain/(losses)	8	818,300	(7,398,776)
Impairment loss on financial assets at fair value through other comprehensive income		(144,875)	(757,801)
Other operating income		1,503,628	-
Net investment income		187,899,086	139,162,605
Finance expenses from reinsurance contracts issued	20	(36,303,567)	(9,121,810)
Finance income from retrocession contracts held	20	4,243,084	2,701,817
Net reinsurance finance expenses		(32,060,483)	(6,419,993)
Net reinsurance and investment result		199,244,053	170,628,516
Administrative expenses	9	(58,626,237)	(59,057,482)
Finance costs	6	(491,083)	(781,123)
Profit before taxation		140,126,733	110,789,911
Income tax expense	11	(6,665,552)	(2,934,050)
Profit after taxation		133,461,181	107,855,861
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		41,301,272	(1,640,099)
Recycling of cumulative loss into profit or loss on disposals of financial assets at fair value through other comprehensive income		4,624,442	1,322,374
Impairment loss on financial assets at fair value through other comprehensive income		144,875	757,801
Other comprehensive income for the year		46,070,589	440,076
Total comprehensive income for the year		179,531,770	108,295,937

The notes on pages 14 to 61 are an integral part of these financial statements.

FUSURE REINSURANCE COMPANY LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

	Notes	31 December 2025 HKD	31 December 2024 HKD (Restated)	1 January 2024 HKD (Restated)
Assets				
Property and equipment	15	1,554,565	2,846,091	4,628,878
Intangible assets	16	172,305	237,662	1,225,175
Right-of-use assets	17	5,285,920	10,720,091	16,918,905
Investment in a subsidiary	13	10,796,642	4,249,442	4,249,442
Deferred tax assets	11	-	-	342,451
Financial assets at fair value through other comprehensive income	19	2,665,384,625	1,840,130,402	798,545,076
Prepayments, deposits and other receivables	14	7,275,786	4,444,529	7,062,458
Financial assets at fair value through profit or loss	19	44,197,783	-	10,374,169
Retrocession contract assets	20	107,515,874	125,066,320	85,089,426
Bank deposits with original maturity more than three months		-	-	55,090,348
Cash and cash equivalents	18	1,310,806,970	597,992,877	1,409,682,089
Total assets		4,152,990,470	2,585,687,414	2,393,208,417
Liabilities				
Reinsurance contract liabilities	20	954,566,931	557,679,439	411,957,477
Lease liabilities	17	5,926,073	12,154,003	17,387,976
Deferred tax liabilities	11	6,641,384	2,563,099	-
Other payables and accruals	22	35,303,747	44,897,258	32,757,096
Tax payable		3,301,131	674,181	674,181
Total liabilities		1,005,739,266	617,967,980	462,776,730
Net assets		3,147,251,204	1,967,719,434	1,930,431,687

The notes on pages 14 to 61 are an integral part of these financial statements.

FUSURE REINSURANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2025

	Notes	31 December 2025 HKD	31 December 2024 HKD (Restated)	1 January 2024 HKD (Restated)
Capital and reserves				
Share capital	21	3,000,000,000	2,000,000,000	2,000,000,000
Fair value reserve		36,859,036	(9,211,553)	(9,651,629)
Exchange reserve		(142,623,660)	(142,623,660)	(71,615,470)
Retained earnings		253,015,828	119,554,647	11,698,786
Total equity		<u>3,147,251,204</u>	<u>1,967,719,434</u>	<u>1,930,431,687</u>

The notes on pages 14 to 61 are an integral part of these financial statements.

The financial statements on pages 8 to 61 were approved and authorised for issue by the Board of Directors on **30 APR 2026** and are signed on its behalf by:


REN, Huichuan
Director


LIN, Haifeng
Director


SHI, Xiaokai
Chief Executive

The notes on pages 14 to 61 are an integral part of these financial statements.

FUSURE REINSURANCE COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Share Capital (Note 21) HKD	Fair value reserve HKD	Retained earnings HKD	Exchange reserve HKD	Total HKD
As at 1 January 2024(Restated)	2,000,000,000	(9,651,629)	11,698,786	(71,615,470)	1,930,431,687
Comprehensive income (Restated)					
Profit for the year (Restated)	-	-	107,855,861	-	107,855,861
Other comprehensive income/(loss), net of tax (Restated):					
- Changes in fair value of financial assets at fair value through other comprehensive income(Restated)	-	(1,640,099)	-	-	(1,640,099)
- Recycling of cumulative loss into profit or loss on disposal of financial assets at fair value through other comprehensive income (Restated)	-	1,322,374	-	-	1,322,374
- Impairment loss on financial assets at fair value through other comprehensive income (Restated)	-	757,801	-	-	757,801
Foreign exchange differences on change in functional and presentation currency	-	-	-	(71,008,190)	(71,008,190)
As at 31 December 2024 (Restated) and 1 January 2025	2,000,000,000	(9,211,553)	119,554,647	(142,623,660)	1,967,719,434
Comprehensive income					
Capital injection from the immediate holding company	1,000,000,000	-	-	-	1,000,000,000
Profit for the year	-	-	133,461,181	-	133,461,181
Other comprehensive income, net of tax:					
- Changes in fair value of financial assets at fair value through other comprehensive income	-	41,301,272	-	-	41,301,272
- Recycling of cumulative loss into profit or loss on disposal of financial assets at fair value through other comprehensive income	-	4,624,442	-	-	4,624,442
- Impairment loss on financial assets at fair value through other comprehensive income	-	144,875	-	-	144,875
As at 31 December 2025	3,000,000,000	36,859,036	253,015,828	(142,623,660)	3,147,251,204

The notes on pages 14 to 61 are an integral part of these financial statements.

FUSURE REINSURANCE COMPANY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025 HKD	2024 HKD (Restated)
Cash flows from operating activities			
Profit before taxation		140,126,733	110,789,911
Adjustments for:			
Depreciation of property and equipment	15	1,357,526	1,806,781
Amortisation of intangible assets	16	65,357	961,838
Amortisation on right-of-use assets	17	5,434,171	5,700,896
Interest income	7	(121,550,611)	(48,988,631)
Net foreign exchange gain		(16,967,429)	(18,559,225)
Net realised (gain)/loss on financial assets at fair value through other comprehensive income	8	(5,023,104)	658,705
Net exchange differences on financial assets at fair value through other comprehensive income		(15,046,100)	(23,095,412)
Net unrealised loss on derivatives at fair value through profit or loss	8	-	3,282,909
Net fair value gain on financial assets at fair value through profit or loss	8	(2,157,358)	-
Impairment loss on financial assets at fair value through other comprehensive income		144,875	757,802
Interest expense on lease liabilities	6, 17	416,667	701,260
Operating cash flows before changes in working capital (Increase)/decrease in prepayments, deposits and other receivables		(13,199,273)	34,016,834
(Decrease)/increase in other payables and accruals		(2,074,265)	2,636,543
Increase in reinsurance contract liabilities		(9,263,559)	12,185,226
Increase in reinsurance contract liabilities		396,887,492	163,563,671
Decrease/(increase) in retrocession contract assets		17,550,446	(43,852,479)
Net cash generated from operating activities		389,900,841	168,549,795

The notes on pages 14 to 61 are an integral part of these financial statements.

FUSURE REINSURANCE COMPANY LIMITED

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025 HKD	2024 HKD (Restated)
Cash flows from investing activities			
Purchase of property and equipment	15	(66,000)	(158,548)
Purchase of financial assets at fair value through other comprehensive income		(2,308,012,948)	(1,772,518,087)
Purchase of financial assets at fair value through profit or loss		(42,040,425)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		1,548,567,059	707,789,713
Interest received		121,737,196	45,034,433
Repayment of the bank deposits with original maturity more than three months		-	55,090,348
Investment in a subsidiary		(6,547,200)	-
Net cash used in investing activities		(686,362,318)	(964,762,141)
Cash flows from financing activities			
Capital injection from the immediate holding company	21, 23	1,000,000,000	-
Repayment of lease liabilities	23	(6,644,597)	(5,401,600)
Net cash generated from/(used in) financing activities		993,355,403	(5,401,600)
Net increase/(decrease) in cash and cash equivalents		696,893,926	(801,613,946)
Cash and cash equivalents at 1 January		597,992,877	1,409,682,089
Effects of exchange rate changes on cash and cash equivalents		15,920,167	(10,075,266)
Cash and cash equivalents at 31 December	18	1,310,806,970	597,992,877

The notes on pages 14 to 61 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 of reinsurance service. On 21 April 2021, the Company obtained the certificate of authorisation from Insurance Authority (“IA”) for operating the reinsurance business. Effective from 13 March 2025, the Company has been designated as a Composite Reinsurer and has been 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.

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”, also refers to the “Group”), 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 Hong Kong Dollars (“HKD”), unless otherwise stated. These financial statements have been approved for issue by the board of directors of the Company on **30 APR 2026**.

2 Summary of material accounting policy 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 HKFRS Accounting 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 IFRS Accounting 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;

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of material accounting policy information (Continued)

2.1 Statement of compliance and basis of preparation (Continued)

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

- (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.

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 reinsurance 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.

- (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 2025:

HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)
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- (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. Management is in the process of assessing the potential impact of these standards, amendments to standards and interpretations on the Company's financial statements.

Standards affected	New standards or amendments to existing standards	Effective date
HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual improvements to HKFRS Accounting Standards - Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of material accounting policy information (Continued)

2.1 Statement of compliance and basis of preparation (Continued)

(c) Change in functional and presentation currency

Effective from 1 January 2025, the Company changed their functional and presentation currency from Renminbi (“RMB”) to HKD. Please refer to Note 2.3.1(c).

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 a 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-reinsurance 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.

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of material accounting policy information (Continued)

2.2 Summary of material accounting policies (Continued)

2.2.1 Reinsurance contracts (Continued)

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 cedant is due or actually received, if there is no due date; and
- when the Company determines that a group of reinsurance contracts becomes onerous.

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.

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of material accounting policy information (Continued)

2.2 Summary of material accounting policies (Continued)

2.2.1 Reinsurance contracts (Continued)

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").

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 cedant 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 cedant 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.

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of material accounting policy information (Continued)

2.2 Summary of material accounting policies (Continued)

2.2.1 Reinsurance contracts (Continued)

Reinsurance 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.

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.

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of material accounting policy 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

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

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of material accounting policy 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)

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 reinsurance 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 reinsurance 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 reinsurance service expenses and reinsurance 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 policy 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 assets at each reporting date. An impairment loss is recognized when the expected cash inflows associated with a 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.

Reinsurance revenue

As the Company provides reinsurance contract services under the group of reinsurance contracts, it reduces the LRC and recognises reinsurance revenue. The amount of reinsurance 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 reinsurance revenue based on the passage of time over the coverage period of a group of contracts.

For contracts measured under the PAA, amortisation of reinsurance 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 policy 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) Equity instruments

The Company subsequently measures its equity instruments at FVPL. Gains and losses on equity instruments at FVPL are included in the line "other gain/(losses)" in the statement of comprehensive income.

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of material accounting policy information (Continued)

2.2 Summary of material accounting policies (Continued)

2.2.2 Financial assets (Continued)

(vi) 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.

(vii) 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.

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of material accounting policy information (Continued)

2.2 Summary of material accounting policies (Continued)

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.

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 HKD.

(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.

(c) Changes in functional and presentation currencies

In prior years, the Company used Renminbi (“RMB”) as its functional and presentation currency. However, as a result of the Company's acquisition of a long-term business license and changes in its operating and business condition, and an additional HKD 1 billion share capital increase, the Company changed its functional and presentation currency. As such, effective from 1 January 2025, the Company has changed their functional currency from RMB to HKD. HKD has also been adopted as the presentation currency of the Company's financial statement. The change in functional currency of the Company has been applied prospectively from date of change in accordance with HKAS 21 “The Effect of Changes in Foreign Exchange Rate”.

The change in presentation currency of the Company has been applied retrospectively with the comparative figures as at 1 January 2024 and 31 December 2024 and for the year ended 31 December 2024 have also been restated to HKD accordingly.

The impact on the equity position of the Company as at 1 January 2024 and 31 December 2024 as the result of this change in functional and presentation currency is presented in the statement of changes in equity.

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of material accounting policy information (Continued)

2.3 Summary of other accounting policies (Continued)

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.

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.

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of material accounting policy information (Continued)

2.3 Summary of other accounting policies (Continued)

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.

The Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 (the Amendment Ordinance) was enacted on 6 June 2025 to implement the Pillar Two model rules, which comprises the income inclusion rule and undertaxed profits rule, as well as the Hong Kong minimum top-up tax. See Note 11 for the impact to the Company.

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of material accounting policy information (Continued)

2.3 Summary of other accounting policies (Continued)

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.

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 policy 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 policy 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

The Company is a subsidiary of Tencent Holdings. The Company is principally engaged in the provision of 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.

The Company designated as a Composite Reinsurer on 13 March 2025 and began underwriting long-term reinsurance contracts measured under GMM. The associated reinsurance contract liabilities measured under GMM amounted to approximately HKD2,339,000 as of 31 December 2025 with no retrocession arrangement. Management considers the exposure to insurance and financial risks related to these contracts to be minimal given its size as at the reporting date.

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

Categories of financial and reinsurance assets and liabilities

	2025 HKD	2024 HKD (Restated)
Financial assets		
Financial assets at fair value through other comprehensive income	2,665,384,625	1,840,130,402
Financial assets at fair value through profit or loss	44,197,783	-
Deposits and other receivables	6,247,876	3,952,436
Cash and cash equivalents	1,310,806,970	597,992,877
	<u>4,026,637,254</u>	<u>2,442,075,715</u>
	2025 HKD	2024 HKD (Restated)
Financial liabilities		
Other payables and accruals	<u>33,191,847</u>	<u>43,247,129</u>
	2025 HKD	2024 HKD (Restated)
Retrocession assets		
Retrocession contract assets	<u>107,515,874</u>	<u>125,066,320</u>
	2025 HKD	2024 HKD (Restated)
Reinsurance liabilities		
Reinsurance contract liabilities	<u>952,227,613</u>	<u>557,679,439</u>

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

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.

Underwriting strategy

The Company's reinsurance portfolio is continuously anchored in general business classes, specifically sickness, motor vehicle, general liability, and property damage, with underlying risks predominantly originating from Mainland China and Hong Kong. Building upon this foundation, we have strategically expanded our footprint into the international market this year, with a targeted focus on growth in Thailand and Vietnam. By deepening client relationships in these regions, we aim to diversify our risk exposure and increase the proportion of international business within our overall portfolio.

Retrocession strategy

The Company maintains a comprehensive retrocession programme, comprising Whole Account, Personal Accident Excess of Loss, and Catastrophe Excess of Loss protections. These arrangements are designed to enhance underwriting capacity, diversify risk exposure, and harmonise net retention, thereby shielding the Company's financial performance from significant volatility caused by single large claims or aggregated catastrophic losses. To ensure that our net risk remains strictly controllable, all retrocession protections are placed after management's rigorous assessment of the 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 predominantly underwrites proportional reinsurance treaties supplemental by a selective portfolio of non-proportional treaties in Mainland China, Hong Kong and other Asia countries. We acknowledge that reinsurance claims settlement can exhibit a significant time lag beyond the expiration of contract periods, with reporting and settlement speeds heavily dependent on coverage types, jurisdictions, policy provisions, and the nature of underlying risks.

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 Insurance and financial risk management (Continued)

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 employs a strategic mix of quota share and excess of loss retrocessions to bolster underwriting capacity and harmonise net retained exposures. Specifically, proportional retrocession is applied to our Accident and Health (A&H) business originating from Mainland China to manage capital efficiency. Complementing this, we have secured Personal Accident Excess of Loss cover to shield against major shock losses. Furthermore, for any treaties carrying inherent natural catastrophe exposure, we have specifically purchased Catastrophe Excess of Loss protection, ensuring strictly controlled limits on our aggregation risk.

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 2025 and 2024.

By business line:

	Percentage to total gross premiums written	
	2025	2024
	%	%
General sickness business – treaty business	72	79
Motor vehicle business – treaty business	5	10
General liability business – treaty business	1	6
Property damage business – treaty business	21	5
Marine, Aviation, and Transport – treaty business	1	-
	100	100

By geographic territory:

	Percentage to total gross premiums written	
	2025	2024
	%	%
Mainland China	89	94
Hong Kong	8	6
Others	3	-

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 Insurance and financial risk management (Continued)

Concentration of insurance risks (Continued)

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 and equity whereas figures without brackets represent increase in profit after tax and equity.

	2025		2024 (Restated)	
	Change in loss ratio	Effect on profit after tax and equity HKD	Change in loss ratio	Effect on profit after tax and equity HKD
Net claim losses	+/-10%	(307,598,698)/ 232,759,614	+/-10%	(73,753,633)/ 17,885,193

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

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.

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 Insurance and financial risk management (Continued)

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 2025, the fair value reserve would decrease/increase by approximately HKD73,391,000 (2024: HKD36,541,000) and HKD78,116,000 (2024: HKD35,761,000) 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 2025, the profit after taxation would increase/decrease by approximately HKD8,644,000 (2024: HKD4,747,000) and HKD8,644,000 (2024: HKD4,747,000), 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/liabilities and reinsurance assets/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/(liabilities), and reinsurance assets/(liabilities) denominated in foreign currencies.

As at 31 December 2025 and 2024, the foreign exchange risk mainly arises from certain financial assets/liabilities and reinsurance assets/liabilities held by the Company which are denominated in USD and RMB.

The Company's functional currency is HKD, which is pegged to USD under Hong Kong's Linked Exchange Rate system. As the HKD-USD exchange rate fluctuates within a narrow band, 1% sensitivity is considered as reasonable and sufficient basis for assessing the foreign exchange risk between these two currencies.

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

As at 31 December 2025

	RMB	USD	Total
(Expressed in HKD equivalent)			
Financial assets			
- Financial assets at fair value through other comprehensive income	225,949,874	2,439,434,751	2,665,384,625
- Financial assets at fair value through profit and loss	-	44,197,783	44,197,783
- Deposits and other receivables	678,303	3,471,209	4,149,512
- Cash and cash equivalents	551,349,133	696,246,881	1,247,596,014
Retrocession contract assets	107,515,875	-	107,515,875
	<u>885,493,185</u>	<u>3,183,350,624</u>	<u>4,068,843,809</u>
Financial liabilities			
- Other payables and accruals	3,122,203	2,794,012	5,916,215
Reinsurance contract liabilities	862,598,784	5,092,576	867,691,360
	<u>865,720,987</u>	<u>7,886,588</u>	<u>873,607,575</u>
Net exposure to foreign exchange risk	<u>19,772,198</u>	<u>3,175,464,036</u>	<u>3,195,236,234</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 2024 (Restated)

	RMB	USD	Total
(Expressed in HKD equivalent)			
Financial assets			
- Financial assets at fair value through other comprehensive income	212,653,790	1,627,476,612	1,840,130,402
- Deposits and other receivables	362,914	1,830,645	2,193,559
- Cash and cash equivalents	191,589,334	383,306,373	574,895,707
Retrocession contract assets	72,965,837	-	72,965,837
	<u>477,571,875</u>	<u>2,012,613,630</u>	<u>2,490,185,505</u>
Financial liabilities			
- Other payables and accruals	1,344,209	3,187,727	4,531,936
Reinsurance contract liabilities	464,683,770	-	464,683,770
	<u>466,027,979</u>	<u>3,187,727</u>	<u>469,215,706</u>
Net exposure to foreign exchange risk	<u>11,543,896</u>	<u>2,009,425,903</u>	<u>2,020,969,799</u>

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.

	2025		2024 (Restated)	
	Foreign currency strengthens by	Effect on profit after taxation HKD	Foreign currency strengthens by	Effect on profit after taxation HKD
RMB	5%	907,050	5%	529,576
USD	1%	29,134,883	1%	18,436,483

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 2025 and 2024. 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.

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 2025, the total retrocession assets were due from seven (2024: four) retrocessionaires with no past default history.

As at 31 December 2025, the retrocessionaires are with credit rating of A- (2024: A-) or above by external credit agencies, as required by the Company's internal risk management policy. For inward reinsurance business, the company selects counterparties through stringent assessments of solvency, anti-money laundering, counter-terrorist financing, sanctions, and compliance risks to minimize financial and liquidity risks from defaults. In addition, the balances are held under a net settlement arrangement against the corresponding reinsurance 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 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 2025 and 2024, 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 2025 and 2024 are as follows:

	2025 HKD	2024 HKD (Restated)
Debt securities measured at FVOCI		
Stage 1 - Unimpaired and without significant increase in credit risk	2,665,384,625	1,840,130,402
Stage 2 - Significant increase in credit risk	-	-
Stage 3 - Credit-impaired	-	-
Total gross debt securities measured at FVOCI	<u>2,665,384,625</u>	<u>1,840,130,402</u>
Impairment loss on financial assets at FVOCI	<u>144,875</u>	<u>757,801</u>

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

	2025 HKD	2024 HKD (Restated)
Reconciliation of ECL allowances		
Balance as at 1 January	1,122,765	393,377
Impairment losses recognised	144,875	757,801
Exchange realignment	-	(28,413)
Balance as at 31 December	<u>1,267,640</u>	<u>1,122,765</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 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 year HKD	1 year to 5 years HKD	More than 5 years HKD	Total undiscounted cash flows HKD	Carrying value HKD
<u>As at 31 December 2025</u>					
Other payables and accruals	35,303,747	-	-	35,303,747	35,303,747
Lease liabilities	6,019,750	-	-	6,019,750	5,926,073
	<u>41,323,497</u>	<u>-</u>	<u>-</u>	<u>41,323,497</u>	<u>41,229,820</u>

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 Insurance and financial risk management (Continued)

Liquidity risk (Continued)

	Less than 1 year	1 year to 5 years	More than 5 years	Total undiscounted cash flows	Carrying value
<u>As at 31 December 2024</u>					
<u>(Restated)</u>	HKD	HKD	HKD	HKD	HKD
Other payables and accruals	44,897,258	-	-	44,897,258	44,897,258
Lease liabilities	6,567,000	6,019,750	-	12,586,750	12,154,003
	<u>51,464,258</u>	<u>6,019,750</u>	<u>-</u>	<u>57,484,008</u>	<u>57,051,261</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

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where climate risk gives rise to a significant unobservable adjustment.

	2025			
	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
Financial assets at fair value through other comprehensive income	2,665,384,625	-	-	2,665,384,625
Financial assets at fair value through profit or loss	-	-	44,197,783	44,197,783
	<u>2,665,384,625</u>	<u>-</u>	<u>44,197,783</u>	<u>2,709,582,408</u>
	2024(Restated)			
	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
Financial assets at fair value through other comprehensive income	1,840,130,402	-	-	1,840,130,402
	<u>1,840,130,402</u>	<u>-</u>	<u>-</u>	<u>1,840,130,402</u>

There were no transfer of financial assets between level 1, level 2 and level 3 fair value hierarchy classification during the year ended 31 December 2025 and 2024.

As at 31 December 2025 and 2024, the carrying amounts of receivables and payables measured at amortised costs approximate their fair values.

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 measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2025 and 31 December 2024:

	Equity instruments HKD
Balance as at 1 January 2024 and 31 December 2024	-
Acquisition	42,040,425
Net fair value gain	2,157,358
Balance as at 31 December 2025	44,197,783

The financial assets classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. Management used net assets value approach to determine the fair value.

For financial assets classified as Level 3, fair value is primarily determined by reference to quarterly capital statements or audited financial statements obtained from external fund managers or counterparties. Management reviews these valuations and assesses whether any adjustments are necessary to reflect events or changes in circumstances that may materially affect the fair value since the date of the latest external valuation. As at 31 December 2025, the Company held HKD44,197,783 of such financial assets.

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.

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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.

- (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.

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4 Critical accounting estimates and judgements (Continued)

(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 for reinsurance contracts measured under PAA 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 specific risk-free yield issued by Insurance Authority as the source of risk-free yield curve.

(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.

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5 Reinsurance revenue

Reinsurance revenue represents the reinsurance contracts measured under PAA and GMM.

6 Finance costs

	2025 HKD	2024 HKD (Restated)
Interest expense on lease liabilities (Note 17)	416,667	701,260
Others	74,416	79,863
	<u>491,083</u>	<u>781,123</u>

7 Interest income

	2025 HKD	2024 HKD (Restated)
Interest income from debt securities at fair value through other comprehensive income	121,550,611	48,988,631
Interest income from bank deposits	32,157,893	49,763,264
	<u>153,708,504</u>	<u>98,751,895</u>

8 Other gain/(losses)

	2025 HKD	2024 HKD (Restated)
Investment expenses	(6,362,162)	(3,457,162)
Net realised gain/(loss) on financial assets at fair value through other comprehensive income	5,023,104	(658,705)
Net unrealised loss on derivatives at fair value through profit or loss	-	(3,282,909)
Net fair value gain on financial assets at fair value through profit or loss	2,157,358	-
	<u>818,300</u>	<u>(7,398,776)</u>

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9 Administrative expenses

	2025 HKD	2024 HKD (Restated)
Auditor's remuneration	1,719,000	1,142,653
Employee benefits expenses (excluding directors' emoluments and benefits)	64,088,748	54,813,181
Legal and professional expenses	500,008	447,021
Directors' emoluments and benefits (Note 10)	3,460,000	3,436,866
Consultancy service expenses	2,042,672	6,106,839
Amortisation on right-of-use assets (Note 17)	5,434,171	5,700,896
Amortisation on intangible assets (Note 16)	65,357	961,838
Depreciation on property, plant and equipment (Note 15)	1,357,526	1,806,781
Short term lease expenses (Note 17)	22,556	40,063
Outsourcing service fees	13,154,308	8,198,557
Office expenses	3,391,215	2,925,337
Travelling and entertainment expense	2,401,782	1,587,505
IT maintenance expense	2,655,876	1,846,809
Other operating expenses	3,764,194	2,310,801
Expense allocation	104,057,413 (45,431,176)	91,325,147 (32,267,665)
	58,626,237	59,057,482

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:

	2025 HKD	2024 HKD (Restated)
Directors' fee	3,229,899	3,072,135
Salaries and other emoluments	230,101	364,731

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year (2024: Nil).

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10 Benefits and interests of directors (Continued)

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

During the year ended 31 December 2025, the Company did not pay consideration to any third parties for making available directors' services (2024: Nil).

- (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 2025, there were no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors (2024: 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 (2024: Nil).

11 Income tax expense

- (i) Income tax

The Company is subject to the Hong Kong profits tax at the rate of 8.25% (2024: 8.25%) on the estimated assessable profit for the year.

	2025 HKD	2024 HKD (Restated)
Current tax		
Provision for the year	2,587,267	-
Deferred tax		
Origination of temporary difference	4,078,285	2,934,050
	<u>6,665,552</u>	<u>2,934,050</u>

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11 Income tax expense (Continued)

(i) Income tax (continued)

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:

	2025 HKD	2024 HKD (Restated)
Profit before taxation	140,126,733	110,789,911
Calculated at a tax rate of 8.25% (2024: 8.25%)	11,560,455	9,140,168
Expenses not deductible for tax	654,218	229,429
Income not taxable for tax	(6,042,136)	(7,700,638)
Tax effect of unrecognised temporary differences	1,503,514	2,693,057
Tax effect of recognised temporary differences	4,078,285	2,934,050
Over/(under) provision of tax losses in prior year	2,389,807	(4,513,119)
Tax effect of utilisation of tax losses previously not recognised as deferred tax assets	(7,478,591)	151,103
Income tax expense	6,665,552	2,934,050

As at 31 December 2025, the Company had tax losses carried forward of HKD Nil (2024: HKD 50,134,681) and no deferred tax asset had been recognised.

(ii) Deferred tax

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

	2025 HKD	2024 HKD (Restated)
At January	(2,563,099)	342,451
Debited to statement of comprehensive income	(4,078,285)	(2,934,050)
Exchange difference	-	28,500
At 31 December	(6,641,384)	(2,563,099)

OECD Pillar Two model rules

The Company is within the scope of the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 (the Amendment Ordinance) ("Hong Kong Pillar Two Ordinance"), and it applies the HKAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Under Hong Kong Pillar Two Ordinance, the Company may be liable to pay Hong Kong minimum top-up tax if the Group's Pillar Two effective tax rate in Hong Kong is less than 15%. Considering the impact of specific adjustments in the Pillar Two legislation and Pillar Two GloBE loss position, the Company did not recognise any top-up tax for the year.

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 2025.

	Underwriting year					Total
	2021	2022	2023	2024	2025	
	HKD (Restated)	HKD (Restated)	HKD (Restated)	HKD (Restated)	HKD	HKD
Estimate of ultimate claim costs (gross of reinsurance, undiscounted)						
At end of underwriting year	175,102,211	454,301,027	480,144,864	575,981,534	941,281,697	2,626,811,333
One year later	373,011,217	1,229,079,312	1,191,778,576	1,316,791,459	-	4,110,660,564
Two years later	381,008,924	1,239,155,149	1,332,934,611	-	-	2,953,098,684
Three years later	368,751,211	1,249,605,331	-	-	-	1,618,356,542
Four years later	367,439,400	-	-	-	-	367,439,400
Cumulative gross claims and other directly attributable expenses paid	(344,374,812)	(1,168,765,253)	(1,109,341,946)	(600,051,507)	(53,135,309)	(3,275,668,827)
Gross cumulative claims liabilities - underwriting years from 2021 to 2025	23,064,588	80,840,078	223,592,665	716,739,952	888,146,388	1,932,383,671
Effect of discounting						(416,645)
Effect of the risk adjustment margin for non-financial risk						13,024,254
Gross LIC for the contracts originated						1,944,991,280

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12 Claims development (Continued)

Retrocession claims development

	Underwriting year					Total
	2021	2022	2023	2024	2025	
	HKD (Restated)	HKD (Restated)	HKD (Restated)	HKD (Restated)	HKD	HKD
Estimate of ultimate claim costs (gross of retrocession, undiscounted)						
At end of underwriting year	69,211,725	46,079,145	68,895,439	97,477,809	121,350,103	403,014,221
One year later	284,502,024	263,617,427	153,366,927	256,983,645	-	958,470,023
Two years later	304,594,872	397,905,932	180,257,446	-	-	882,758,250
Three years later	293,441,834	399,304,663	-	-	-	692,746,497
Four years later	294,521,547	-	-	-	-	294,521,547
Cumulative gross claims and other directly attributable expenses paid	(292,939,300)	(362,900,953)	(95,714,567)	(58,511,865)	(130,583)	(810,197,268)
Gross cumulative claims liabilities - underwriting years from 2021 to 2025	1,582,247	36,403,710	84,542,879	198,471,780	121,219,520	442,220,136
Effect of discounting						60,125
Effect of the risk adjustment margin for non-financial risk						1,062,486
Gross amounts recoverable on incurred claims for the contracts originated						443,342,747

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13 Investment in a subsidiary

The information of the Company's subsidiary as at 31 December 2025 is as follows:

Name of company	Place of incorporation	Proportion of ownership interest		Registered and paid share capital	Principal activity
		As at 31 December 2025	As at 31 December 2024		
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 RMB10,000,000 (2024: RMB10,000,000) and the paid share capital of RMB 10,000,000 as at 31 December 2025 (2024: RMB4,000,000)	Provision of commercial services

On 15 November 2022, the Company 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 (equivalents to approximately HKD10,796,642).

The total paid share capital as at 31 December 2024 is RMB4,000,000 (equivalents to approximately HKD4,249,442). The principal business activities of the subsidiary is provision for commercial services to the Company.

During the year ended 31 December 2025, the Company injected share capital of RMB6,000,000 (equivalents to approximately HKD6,547,200) by the form of cash consideration. The total paid share capital as at 31 December 2025 is RMB10,000,000.

14 Prepayments, deposits and other receivables

	2025 HKD	2024 HKD (Restated)
Deposits	2,164,906	1,937,864
Prepayments (Note)	1,027,910	492,093
Interest receivables	2,915,318	2,014,572
Other receivable	1,167,652	-
	<u>7,275,786</u>	<u>4,444,529</u>

Note:

The prepayments include prepaid administrative expenses to a related company amounted to HKD Nil (2024: HKD236) as at 31 December 2025.

The carrying amounts of prepayments, deposits and other receivables approximate their fair values as at 31 December 2025 and 2024.

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

15 Property and equipment

	Leasehold improvements HKD	Computer equipment HKD	Furniture and Office equipment HKD	Total HKD
Costs:				
As at 1 January 2024 (Restated)	6,419,490	2,005,003	1,613,939	10,038,432
Additions during the year	-	80,766	77,782	158,548
Exchange realignment	(229,828)	(73,311)	(59,252)	(362,391)
As at 31 December 2024 and 1 January 2025 (Restated)	6,189,662	2,012,458	1,632,469	9,834,589
Additions during the year	-	66,000	-	66,000
As at 31 December 2025	6,189,662	2,078,458	1,632,469	9,900,589
Accumulated depreciation:				
As at 1 January 2024 (Restated)	3,023,120	1,491,283	895,151	5,409,554
Provided for the year	1,051,494	422,501	332,786	1,806,781
Exchange realignment	(128,115)	(61,382)	(38,340)	(227,837)
As at 31 December 2024 and 1 January 2025 (Restated)	3,946,499	1,852,402	1,189,597	6,988,498
Provided for the year	945,642	109,725	302,159	1,357,526
As at 31 December 2025	4,892,141	1,962,127	1,491,756	8,346,024
Net book value:				
As at 31 December 2024 (Restated)	2,243,163	160,056	442,872	2,846,091
As at 31 December 2025	1,297,521	116,331	140,713	1,554,565

16 Intangible assets

	HKD
Costs:	
As at 1 January 2024 (Restated)	8,959,618
Additions during the year (Restated)	-
Exchange realignment	(320,769)
As at 31 December 2024 and 1 January 2025 (Restated)	8,638,849
Additions during the year	-
As at 31 December 2025	8,638,849

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

16 Intangible assets (Continued)

	HKD
Accumulated amortisation:	
As at 1 January 2024 (Restated)	7,734,442
Provided for the year (Restated)	961,838
Exchange realignment	(295,093)
As at 31 December 2024 and 1 January 2025 (Restated)	8,401,187
Provided for the year	65,357
As at 31 December 2025	8,466,544
Net book value:	
As at 31 December 2024 (Restated)	237,662
As at 31 December 2025	172,305

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:

	2025 HKD	2024 HKD (Restated)
Right-of-use assets	5,285,920	10,720,091
Lease liabilities	5,926,073	12,154,003

(ii) Amounts recognised in the statement of comprehensive income

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

	2025 HKD	2024 HKD (Restated)
Amortisation on right-of-use assets (Note 9)	5,434,171	5,700,896
Interest expense on lease liabilities (Note 6)	416,667	701,260
Expense relating to short-term leases not included in lease liabilities (Note 9)	22,556	40,063

(iii) Company's leasing activities

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

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

18 Cash and cash equivalents

	2025 HKD	2024 HKD (Restated)
Cash at banks	1,310,806,970	597,992,877

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

	2025 HKD	2024 HKD (Restated)
Financial assets at fair value through other comprehensive income:		
Debt securities:		
Fixed rate bonds		
- Listed - corporate	1,429,948,810	1,136,817,316
- Unlisted - corporate	661,819,361	266,531,827
Variable rate bonds		
- Listed - corporate	411,666,684	325,961,441
- Unlisted - corporate	161,949,770	110,819,818
	<u>2,665,384,625</u>	<u>1,840,130,402</u>
Financial assets at fair value through profit or loss:		
Equity instruments	<u>44,197,783</u>	<u>-</u>
The contractual maturity of the bonds as at the reporting date is as follows:		
Less than 1 year	230,509,952	228,794,843
Over 1 year but less than 2 years	246,359,160	256,946,218
More than 2 years	2,188,515,513	1,354,389,341
	<u>2,665,384,625</u>	<u>1,840,130,402</u>

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

20 Reconciliation of the remaining coverage and incurred claims components

As of 31 December 2025, the balance of reinsurance contract liabilities measured under GMM was approximately HKD2,339,000. Reinsurance revenue, reinsurance service expenses, and finance expenses from reinsurance contracts issued relating to reinsurance contract liabilities measured under GMM amounted to approximately HKD946,000, HKD3,207,000, and HKD102,000 respectively.

(i) Reinsurance contracts issued

	2025				Total HKD
	Liability for Remaining Coverage	Liability for Incurred Claims	Present Value of Future Cash Flows	Risk Adj. for non-fin. risk	
	Excluding Loss Comp. HKD	Loss Comp. HKD	HKD	HKD	
Reinsurance contract assets as at 1 January	-	-	-	-	-
Reinsurance contract liabilities as at 1 January	(1,098,688,413)	9,235,214	1,616,586,711	30,545,927	557,679,439
Reinsurance revenue	(856,693,382)	-	-	-	(856,693,382)
Reinsurance service expenses	36,948,962	5,807,428	735,340,592	12,207,568	790,304,550
Incurred reinsurance service expenses	-	(35,144,638)	499,979,624	13,073,910	477,908,896
Amortisation of reinsurance acquisition cash flows	36,948,962	-	-	-	36,948,962
Changes that relate to past service	-	-	235,360,968	(866,342)	234,494,626
Losses on onerous contracts and reversals of those losses	-	40,952,066	-	-	40,952,066
Reinsurance service result	(819,744,420)	5,807,428	735,340,592	12,207,568	(66,388,832)
Finance expenses/(income) from reinsurance contracts issued	(30,334,904)	2,303,909	63,517,876	816,686	36,303,567
Total amounts recognised in comprehensive income	(850,079,324)	8,111,337	798,858,468	13,024,254	(30,085,265)
Investment components (Note 2)	(1,019,866,007)	-	1,019,866,007	-	-
Total cash flows	1,960,862,844	-	(1,533,890,087)	-	426,972,757
Premiums received (Note 1)	1,997,056,807	-	-	-	1,997,056,807
Claims and other directly attributable expenses paid	-	-	(1,533,890,087)	-	(1,533,890,087)
Reinsurance acquisition cash flows	(36,193,963)	-	-	-	(36,193,963)
Reinsurance contract assets as at 31 December	-	-	-	-	-
Reinsurance contract liabilities as at 31 December	(1,007,770,900)	17,346,551	1,901,421,099	43,570,181	954,566,931

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)

(i) Reinsurance contracts issued (Continued)

	2024 (Restated)				
	Liability for Remaining Coverage		Liability for Incurred Claims		Total HKD
	Excluding Loss Comp HKD	Loss Comp HKD	Present Value of Future Cash Flows HKD	Risk Adj. for non-fin. risk HKD	
Reinsurance contract assets as at 1 January	-	-	-	-	-
Reinsurance contract liabilities as at 1 January	(795,742,474)	26,395,167	1,162,061,710	19,243,074	411,957,477
Reinsurance revenue	(813,289,452)	-	-	-	(813,289,452)
Reinsurance service expenses	22,482,789	(15,859,522)	762,882,327	11,819,142	781,324,736
Reincurred insurance service expenses	-	(37,490,259)	508,812,498	6,968,945	478,291,184
Amortisation of reinsurance acquisition cash flows	22,482,789	-	-	-	22,482,789
Changes that relate to past service	-	-	254,069,829	4,850,197	258,920,026
Losses on onerous contracts and reversals of those losses	-	21,630,737	-	-	21,630,737
Reinsurance service result	(790,806,663)	(15,859,522)	762,882,327	11,819,142	(31,964,716)
Finance (expenses)/income from reinsurance contracts issued	1,044,644	(667,978)	8,341,366	403,778	9,121,810
Total amounts recognised in comprehensive income	(789,762,019)	(16,527,500)	771,223,693	12,222,920	(22,842,906)
Exchange realignment	43,423,229	(632,453)	(56,187,467)	(920,067)	(14,316,758)
Investment components (Note 2)	(589,133,354)	-	589,133,354	-	-
Total cash flows	1,032,526,205	-	(849,644,579)	-	182,881,626
Premiums received (Note 1)	1,053,003,524	-	-	-	1,053,003,524
Claims and other directly attributable expenses paid	-	-	(849,644,579)	-	(849,644,579)
Reinsurance acquisition cash flows	(20,477,319)	-	-	-	(20,477,319)
Reinsurance contract assets as at 31 December	-	-	-	-	-
Reinsurance contract liabilities as at 31 December	(1,098,688,413)	9,235,214	1,616,586,711	30,545,927	557,679,439

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)

(ii) Retrocession contracts held

	2025				
	Assets for Remaining Coverage		Amounts Recoverable on Incurred Claims		
	Excluding		Present Value		
	Loss-recovery Comp HKD	Loss-recovery Comp HKD	of Future Cash Flows HKD	Risk Adj. for non-fin. risk HKD	Total HKD
Retrocession contract assets as at 1 January	(317,310,604)	1,640,189	433,128,625	7,608,110	125,066,320
Retrocession contract liabilities as at 1 January	-	-	-	-	-
Retrocession expenses	(148,221,888)	-	-	-	(148,221,888)
Amounts recovered from retrocession	-	916,410	123,446,234	875,862	125,238,506
Recoveries of incurred claims and other retrocession service expense	-	(3,939,082)	73,193,613	3,530,179	72,784,710
Changes related to past service	-	-	50,252,621	(2,654,317)	47,598,304
Loss-recovery component and reversals of those losses-recovery component	-	4,855,492	-	-	4,855,492
Net (expense)/ income from retrocession contracts held	(148,221,888)	916,410	123,446,234	875,862	(22,983,382)
Finance income from retrocession contracts held	(13,161,286)	(86,837)	17,304,583	186,624	4,243,084
Total amounts recognised in comprehensive income	(161,383,174)	829,573	140,750,817	1,062,486	(18,740,298)
Investment Components	(167,852,386)	-	167,852,386	-	-
Cash flows	308,249,529	-	(307,059,677)	-	1,189,852
Premiums paid	308,249,529	-	-	-	308,249,529
Amounts paid	-	-	(307,059,677)	-	(307,059,677)
Retrocession contract assets as at 31 December	(338,296,635)	2,469,762	434,672,151	8,670,596	107,515,874
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) Retrocession contracts held (Continued)

	2024 (Restated)				
	Assets for Remaining Coverage		Amounts Recoverable on Incurred Claims		
	Excluding		Present Value		
	Loss-recovery Comp. HKD	Loss-recovery Comp. HKD	of Future Cash Flows HKD	Risk Adj. for non-fin. risk HKD	Total HKD
Retrocession contract assets as at 1 January	(202,084,400)	9,436,752	270,773,409	6,963,665	85,089,426
Retrocession contract liabilities as at 1 January	-	-	-	-	-
Retrocession expenses	(195,876,894)	-	-	-	(195,876,894)
Amounts recovered from retrocession	-	(7,551,687)	208,573,016	776,753	201,798,082
Recoveries of incurred claims and other retrocession service expense	-	(4,481,332)	107,168,162	(4,421,723)	98,265,107
Changes related to past service	-	-	101,404,854	5,198,476	106,603,330
Loss-recovery component and reversals of those losses-recovery component	-	(3,070,355)	-	-	(3,070,355)
Net income/(expenses) from retrocession contracts held	(195,876,894)	(7,551,687)	208,573,016	776,753	5,921,188
Finance income from retrocession contracts held	-	(50,788)	2,618,375	134,230	2,701,817
Total amounts recognised in comprehensive income	(195,876,894)	(7,602,475)	211,191,391	910,983	8,623,005
Exchange realignment	10,938,971	(194,088)	(13,687,741)	(266,538)	(3,209,396)
Investment Components	(115,854,657)	-	115,854,657	-	-
Cash flows	185,566,376	-	(151,003,091)	-	34,563,285
Premiums paid	185,566,376	-	-	-	185,566,376
Amounts received	-	-	(151,003,091)	-	(151,003,091)
Retrocession contract assets as at 31 December	(317,310,604)	1,640,189	433,128,625	7,608,110	125,066,320
Retrocession contract liabilities as at 31 December	-	-	-	-	-

FUSURE REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

21 Share capital

	Number of shares	Share capital HKD
Ordinary shares, issued and fully paid:		
As at 1 January 2024, 31 December 2024 and 1 January 2025 (Restated)	1,000,000,000	2,000,000,000
Capital injection (Note)	-	1,000,000,000
As at 31 December 2025	<u>1,000,000,000</u>	<u>3,000,000,000</u>

Note:

During the year ended 31 December 2025, 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, 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 to HK\$3,000,000,000.

22 Other payables and accruals

	2025 HKD	2024 HKD (Restated)
Provision for reinstatement costs	2,111,900	1,650,129
Amounts due to fellow subsidiaries	1,531,617	8,832,995
Amounts due to a subsidiary	3,500,641	3,231,426
Accrued staff costs	23,729,243	18,847,410
Other payables and accruals	4,430,346	12,335,298
	<u>35,303,747</u>	<u>44,897,258</u>

As at 31 December 2025 and 2024, 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 HKD	Share capital HKD	Total HKD
As at 1 January 2025	12,154,003	2,000,000,000	2,012,154,003
Finance cost on lease liabilities/(non-cash)(Note 6)	416,667	-	416,667
Repayment of lease liabilities	(6,644,597)	-	(6,644,597)
Capital injection	-	1,000,000,000	1,000,000,000
As at 31 December 2025	5,926,073	3,000,000,000	3,005,926,073

	Lease liabilities HKD (Restated)	Share capital HKD (Restated)	Total HKD (Restated)
As at 1 January 2024	17,387,976	2,000,000,000	2,017,387,976
Finance cost on lease liabilities/(non-cash)(Note 6)	701,260	-	701,260
Repayment of lease liabilities	(5,401,600)	-	(5,401,600)
Exchange realignment	(533,633)	-	(533,633)
As at 31 December 2024	12,154,003	2,000,000,000	2,012,154,003

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 2025 and 2024, the Company had the following transactions with its related parties, which are made on terms agreed by respective parties:

	2025 HKD	2024 HKD (Restated)
Services fee charged by fellow subsidiaries	1,777,638	2,493,401
Services fee charged by a subsidiary	12,531,532	7,908,909
Reinsurance revenue and reinsurance service expense from a fellow subsidiary	780,741	274,157

(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 2025 and 2024.