Disclosure Statement at 31 December 2025

This disclosure statement is prepared in accordance with the requirements under the Insurance (Valuation and Capital) Rules and the Insurance (Public Disclosure) Rules.

1 Company profile

(a) Authorized insurer's name

FuSure Reinsurance Company Limited

(b) Nature of the business, and places of business operations

FuSure Reinsurance Company Limited ("FuSure") is a reinsurance company domiciled in Hong Kong that was licensed in April 2021 as a General Insurance Reinsurer. FuSure became a composite reinsurer on 13 March 2025 and is authorized by the Insurance Authority to carry on General Business (Classes 1 to 17) and Long Term Business (Class A and Class D). The major lines of business carried on are Accident & Health and Property Damage.

FuSure's principal place of business is Hong Kong, with its registered office at Unit 3501–04 and 3513–3514, The Gateway Tower 5, 15 Canton Road, Hong Kong.

FuSure sources its reinsurance business from cedants located primarily in Hong Kong and Mainland China, with additional business assumed from cedants and reinsurance intermediaries across the Asia Pacific region and other international markets.

During 2025, the immediate holding company injected HKD 1,000,000,000 of new capital, increasing FuSure's issued share capital from HKD 2,000,000,000 to HKD 3,000,000,000.

(c) Description of corporate structure

FuSure was incorporated in Hong Kong in 2020 and commenced reinsurance operations in 2021. Tencent Holdings Limited ("THL") is its ultimate controlling shareholder. THL is an investment holding company incorporated in the Cayman Islands with limited liability. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong since 16 June 2004 (HKD counter stock code: 700; RMB counter stock code: 80700). The Tencent Group is principally engaged in the provision of (i) value-added services, (ii) marketing services, and (iii) fintech and business services.

Shenzhen FuSure Technology Co., Ltd. (深圳市赋诚再科技有限公司), incorporated in the PRC in 2022, is a direct wholly-owned subsidiary of FuSure. It is principally engaged in the provision of intragroup services to FuSure.

There has been no material change to the FuSure corporate structure during the 2025 financial year.

2 Corporate governance framework

In accordance with the requirements of GL10 and GL21, FuSure has established and maintains a comprehensive corporate governance framework. The framework is supported by the Board Terms of Reference and the Terms of Reference of each Board Committee, all of which have been reviewed and approved by the Board.

Governance Structure. FuSure's governance framework comprises:

(i) the Board of Directors as the highest decision-making body with ultimate responsibility for FuSure's corporate governance, risk management and internal control framework;

(ii) four Board-level Committees — Audit Committee, Risk Committee, Investment & Asset-Liability Management Committee, and Nomination & Remuneration Committee;

(iii) Senior Management, headed by the Chief Executive Officer ("CEO"), responsible for day-to-day management; and

(iv) a Three Lines of Defense model providing a system of checks and balances across the organization.

Board of Directors. The Board comprises six directors, including two Independent Non-Executive Directors

("INEDs"). The Board possesses an appropriate balance of skills, knowledge and experience commensurate with the nature, scale and risk profile of FuSure's business.

The Board is ultimately responsible for FuSure's corporate governance, long-term financial soundness and risk management. Its responsibilities include setting FuSure's strategic objectives, business plans and risk appetite; approving FuSure's reinsurance and retrocession strategies and policies; establishing and maintaining an effective governance structure with clear allocation of roles, responsibilities and reporting lines among the Board, Board Committees, Senior Management and Key Persons in Control Functions; ensuring adequate checks and balances and effective oversight of Senior Management and Key Persons in Control Functions; overseeing nominations, succession planning and remuneration arrangements for Directors, Senior Management and Key Persons in Control Functions; establishing and overseeing the Enterprise Risk Management ("ERM") framework and internal control framework; approving material policies and procedures; overseeing accounting, financial reporting and disclosure processes and ensuring the integrity, accuracy and transparency of financial reporting; overseeing capital management, asset management, investment activities, and FuSure's solvency and financial soundness; overseeing the appointment, independence and effectiveness of external auditors; ensuring compliance with all applicable legal, regulatory and prudential requirements; and promoting transparency and sound corporate governance practices. The Board holds at least four meetings each year.

Audit Committee (“AC”). The AC assists the Board in overseeing the integrity of FuSure's financial reporting system, internal control and governance processes. It reviews FuSure's financial statements, financial information and regulatory disclosures, monitors the adequacy and effectiveness of the internal audit function, reviews significant audit findings and management actions, and oversees the independence and effectiveness of the external auditors. The AC also makes recommendations to the Board on the appointment, reappointment, remuneration and removal of external auditors. It meets at least quarterly.

Risk Committee ("RC"). The RC assists the Board in overseeing the effectiveness of FuSure's risk management and internal control systems. The RC's key responsibilities include overseeing FuSure's risk appetite as well as key risk management policies and procedures, independently reviewing the identification, measurement, monitoring and management of material risks and any areas of material non-compliance with the ERM framework, regularly reporting to the Board on matters of risk management and escalating issues of importance when necessary, advising the Board on risk quantification, reviewing the ORSA report, risk management report and compliance report, and advising the Board on the adequacy and effectiveness of the ERM framework and the promotion of a sound risk culture. The Committee meets at least quarterly.

Investment & Asset-Liability Management Committee ("IC"). The IC assists the Board in overseeing FuSure's investment activities and asset-liability management. It reviews strategic investment policies and asset allocation, oversees major investment matters and the implementation of investment activities, provides guidance on investment-related operational matters, and monitors asset-liability matching and solvency requirements. The Committee reports regularly to the Board and meets at least quarterly.

Nomination & Remuneration Committee ("NRC"). The NRC is responsible for nominating suitable candidates for appointment as Directors, Senior Management and Key Persons in Control Functions, assisting the Board in maintaining an appropriate Board composition and succession plan, and reviewing and recommending remuneration arrangements in accordance with its Terms of Reference. The Committee ensures that remuneration practices are aligned with FuSure's long-term interests, business strategies and risk appetite, and do not encourage excessive risk-taking. Remuneration of INEDs is determined at a level that does not compromise their independence. The Committee meets at least annually.

3 Financial position

(a) Balance sheet determined under the Insurance (Valuation and Capital) Rules

(Unit: in HKD thousands)	As at 31 December 2025				As at 31 December 2024			
	Total	Long term business	General business	Shareholders' fund	**Total**	Long term business	General business	Shareholders' fund
Total assets[1]	7,924,989	559,088	5,540,950	1,836,163	6,056,363	N/A	4,766,919	1,289,444
Cash and deposits	1,310,806	549,051	632,408	129,347	597,993	N/A	236,771	361,222
Debt securities	2,665,385	0	1,023,915	1,641,470	1,840,130	N/A	934,169	905,961
Equities (including portfolio investments)	44,198	0	0	44,198	0	N/A	0	0
Derivative financial instruments	0	0	0	0	0	N/A	0	0
Properties	0	0	0	0	0	N/A	0	0
Loans and advances	0	0	0	0	0	N/A	0	0
Reverse repurchase agreement	0	0	0	0	0	N/A	0	0
Other financial assets	3,510,372	8,207	3,502,165	0	3,275,465	N/A	3,275,465	0
Policyholder's account assets in respect of unit linked products or retirement scheme	0	0	0	0	0	N/A	0	0
Reinsurance assets	369,316	0	369,316	0	320,514	N/A	320,514	0
Tax assets	0	0	0	0	0	N/A	0	0
Other assets[1]	24,912	1,830	13,146	21,148	22,261	N/A	0	22,261
Total liabilities[1]	4,788,608	10,749	4,740,340	48,731	4,079,871	N/A	4,023,811	56,060
Insurance liabilities	2,384,961	3,748	2,381,213	0	1,611,788	N/A	1,611,788	0
Reinsurance liabilities	0	0	0	0	0	N/A	0	0
Repurchase agreement	0	0	0	0	0	N/A	0	0
Derivative financial instruments	0	0	0	0	0	N/A	0	0
Other financial liabilities	2,359,117	1,233	2,357,884	0	2,408,212	N/A	2,408,212	0
Tax liabilities	3,301	0	0	3,301	2,799	N/A	0	2,799
Other liabilities[1]	41,229	5,768	1,243	45,430	57,072	N/A	3,811	53,261
Net assets[1]	3,136,381	548,339	800,610	1,787,432	1,976,492	N/A	743,108	1,233,384

[1] Other/total assets and liabilities include inter-fund balances between long term business, general business and shareholders' fund, while the "total" column is presented after eliminating these inter-fund balances.

(b) Material change or other commentary on balance sheet items

In 2025, FuSure completed capital augmentation, increasing its registered capital to HKD 3 billion. It was granted approval to conduct long-term insurance business and officially obtained a composite insurance license. Movements in total assets and total liabilities during the year are primarily attributable to the license upgrade and business expansion. The capital-raising exercise boosted FuSure's liquid assets, while existing in-force business and newly-launched long-term insurance business have given rise to corresponding insurance contract liabilities.

4 Investments

(a) Assumptions and methods used for valuation of investments

FuSure values investments in accordance with the Insurance (Valuation and Capital) Rules.

- For financial instruments traded in active markets, fair value is determined based on quoted market prices.
- Debt securities are generally valued using prices obtained from independent pricing providers or other observable market information.
- For collective investment schemes and other investment funds, fair value is generally based on net asset values or valuations provided by fund managers, administrators or other independent sources.
- Where observable market prices are not readily available, fair value is determined using appropriate valuation techniques and relevant market information.

(b) Material change in assumptions and methods, or other commentary on investments

No material changes were made to the investment valuation methodologies or key valuation assumptions during the reporting period.

5 Insurance liabilities

(a) Total insurance liabilities determined under the Insurance (Valuation and Capital) Rules

Insurance Liabilities of Long Term Business

(Unit: in HKD thousands)	As at 31 December 2025					
	Participating business	Linked long term (Class C)	Retirement scheme category I (Class G)	Retirement scheme category II (Class H)	Other long term business	Total long term business
Total insurance liabilities (gross of reinsurance)	0	0	0	0	3,748	3,748
Of which: long term insurance liabilities	0	0	0	0	2,589	2,589
Outstanding claims	0	0	0	0	1,100	1,100
Current estimate[2]	0	0	0	0	930	930
Margin over current estimate	0	0	0	0	559	559
Prepaid premiums	0	0	0	0	0	0
Other long term insurance liabilities	0	0	0	0	0	0
Of which: general insurance liabilities	0	0	0	0	1,159	1,159
Reinsurance assets	0	0	0	0	0	0
Reinsurance liabilities	0	0	0	0	0	0

[2] Excludes outstanding claims, prepaid premiums and other long term insurance liabilities which are disclosed separately.

(Unit: in HKD thousands)	As at 31 December 2024					
	Participating business	Linked long term (Class C)	Retirement scheme category I (Class G)	Retirement scheme category II (Class H)	Other long term business	Total long term business
Total insurance liabilities (gross of reinsurance)	N/A	N/A	N/A	N/A	N/A	N/A
Of which: long term insurance liabilities	N/A	N/A	N/A	N/A	N/A	N/A
Outstanding claims	N/A	N/A	N/A	N/A	N/A	N/A
Current estimate[2]	N/A	N/A	N/A	N/A	N/A	N/A
Margin over current estimate	N/A	N/A	N/A	N/A	N/A	N/A
Prepaid premiums	N/A	N/A	N/A	N/A	N/A	N/A
Other long term insurance liabilities	N/A	N/A	N/A	N/A	N/A	N/A
Of which: general insurance liabilities	N/A	N/A	N/A	N/A	N/A	N/A
Reinsurance assets	N/A	N/A	N/A	N/A	N/A	N/A
Reinsurance liabilities	N/A	N/A	N/A	N/A	N/A	N/A

Note: The Company commenced its long-term reinsurance business in 2025. Accordingly, comparative data for FY2024 is not applicable (N/A).

[2] Excludes outstanding claims, prepaid premiums and other long term insurance liabilities which are disclosed separately.

Insurance Liabilities of General Business

(Unit: in HKD thousands)	As at 31 December 2025									
	Direct insurance							Reinsurance		Total general business
	Accident and health	Motor vehicle	Marine, aviation, and transport	Property damage	Employees' compensation	General liability	Pecuniary loss	Proportional	Non-proportional	
Total general insurance liabilities (gross of reinsurance)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,381,213
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	0	0	0	0	0	0	0	2,358,217	22,996	2,381,213
Outstanding claims liabilities	0	0	0	0	0	0	0	1,598,917	17,658	1,616,575
Premium liabilities	0	0	0	0	0	0	0	638,730	3,933	642,663
Margin over current estimate for outstanding claims liabilities	0	0	0	0	0	0	0	62,136	1,109	63,245
Margin over current estimate for premium liabilities	0	0	0	0	0	0	0	58,434	296	58,730
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	0	0	0	0	0	0	0	1,986,213	25,665	2,011,878

(Unit: in HKD thousands)	As at 31 December 2024									
	Direct insurance							Reinsurance		Total general business
	Accident and health	Motor vehicle	Marine, aviation, and transport	Property damage	Employees' compensation	General liability	Pecuniary loss	Proportional	Non-proportional	
Total general insurance liabilities (gross of reinsurance)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,611,788
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,610,938	850	1,611,788
Outstanding claims liabilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,122,190	759	1,122,949
Premium liabilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	414,141	48	414,189
Margin over current estimate for outstanding claims liabilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	39,456	38	39,494
Margin over current estimate for premium liabilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	35,151	5	35,156
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,290,424	850	1,291,274

(b) Assumptions and method used to derive the assumptions for determining insurance liabilities

- Loss Development Factors: Used to project historical paid and incurred claims to their ultimate settlement values. Assumptions are derived by line of business and underwriting year.
- Expected Loss Ratio (ELR): Applied specifically to recent, immature underwriting years where actual reported claims are sparse. The ELR is derived from pricing assumptions and historical averages, adjusted for rate changes and inflation.
- Mortality and Morbidity: Assumptions are set by product type, gender, smoking status, and attained age, reflecting expected future death and morbidity incidence rates, including future improvement trends where applicable.
- Policyholder Behavior (Lapses and Surrenders): Surrender and lapse rates are assumed based on policy duration, premium payment term, and product type.
- Expenses: Divided into acquisition, maintenance, and claim handling expenses. Maintenance expenses are expressed as per-policy amounts or percentages of premium to reflect ongoing costs.
- Actual-to-Expected analysis: FuSure conducts annual experience studies covering a defined look-back period for Life & Health business. Actual experience is compared against expected experience to identify deviations in mortality, morbidity, and policyholder behavior.
- Credibility Blending: Where the internal experience of certain products lacks full statistical credibility, FuSure's internal data is blended with standard industry tables.
- Discount rate: FuSure utilizes the prescribed risk-free yield curves published by the HKIA for the respective currencies of the underlying liabilities. Where cash flows extend beyond the observable market data, the curves are extrapolated toward the prescribed Ultimate Forward Rate in accordance with Cap. 41G requirements.

(c) Material change in assumptions and methods used to derive the assumptions, or other commentary on insurance liabilities

No material changes were made to the valuation assumptions of the Company's insurance liabilities and the methods applied to derive such assumptions during the Reporting Period.

6 Financial performance

(a) Financial performance in total and at a segmented level, including premiums, investment returns and claims

Performance Analysis on Premiums and Claims

(Unit: in HKD thousands)	For the financial year ended 31 December 2025			For the financial year ended 31 December 2024[4]		
	Total	Long term business	General business	**Total**	Long term business	General business
Gross premiums[3]	3,424,109	4,707	3,419,402	N/A	N/A	N/A
Regular premiums	N/A	4,707	N/A	N/A	N/A	N/A
Single premiums	N/A	0	N/A	N/A	N/A	N/A
Net premiums	2,850,988	4,707	2,846,281	N/A	N/A	N/A
Regular premiums	N/A	4,707	N/A	N/A	N/A	N/A
Single premiums	N/A	0	N/A	N/A	N/A	N/A
Gross claims paid	1,234,013	5,093	1,228,920	N/A	N/A	N/A
Net claims paid	996,292	5,093	991,199	N/A	N/A	N/A

Performance Analysis on Investment Returns

(Unit: in HKD thousands)	For the financial year ended 31 December 2025				For the financial year ended 31 December 2024[4]			
	Total	Long term business	General business	Shareholders' fund	**Total**	Long term business	General business	Shareholders' fund
Investment returns	224,510	18,012	96,406	110,092	N/A	N/A	N/A	N/A

(b) Material change or other commentary on financial performance

Compared with the prior financial year, investment performance in 2025 improved mainly due to the expansion of the invested asset base following capital injections and the gradual deployment of new funds, which increased interest income. In addition, movements in market yields and credit spreads contributed to changes in the valuation of fixed income investments.

[3] For long term business, it refers to premiums received and receivable during the financial year. For general business, it refers to written premiums.

[4] The table was a voluntary field for general-insurer returns in FY2024 and was not submitted by FuSure. The disclosure has become statutory commencing from FY2025, our first-time reporting year. Consequently, FY2024 comparative data is unavailable and marked as Not-applicable.

(c) Underwriting Results for general business (for pricing adequacy disclosure purposes)

Underwriting Results of General Business

(Unit: in HKD thousands)	For the financial year ended 31 December 2025									
	Direct insurance							Reinsurance		Total general business
	Accident and health	Motor vehicle	Marine, aviation, and transport	Property damage	Employees' compensation	General liability	Pecuniary loss	Proportional	Non-proportional	
Gross premium	0	0	0	0	0	0	0	3,378,249	41,153	3,419,402
Net premium	0	0	0	0	0	0	0	2,823,331	22,950	2,846,281
Net undiscounted best estimate combined business results, relating to current year	0	0	0	0	0	0	0	11,109	(6,439)	4,670
Net undiscounted best estimate combined business results, relating to prior year	0	0	0	0	0	0	0	(15,190)	4	(15,186)
Undiscounted underwriting results - profit / (loss)	0	0	0	0	0	0	0	(45,512)	(7,799)	(53,311)

(Unit: in HKD thousands)	For the financial year ended 31 December 2024									
	Direct insurance							Reinsurance		Total general Business
	Accident and health	Motor vehicle	Marine, aviation, and transport	Property damage	Employees' compensation	General liability	Pecuniary loss	Proportional	Non-proportional	
Gross premium	0	0	0	0	0	0	0	2,668,811	1,082	2,669,893
Net premium	0	0	0	0	0	0	0	2,049,609	1,082	2,050,691
Net undiscounted best estimate combined business results, relating to current year	0	0	0	0	0	0	0	10,190	137	10,327
Net undiscounted best estimate combined business results, relating to prior year	0	0	0	0	0	0	0	25,639	0	25,639
Undiscounted underwriting results – profit / (loss)	0	0	0	0	0	0	0	35,829	137	35,966

(d) Material change or other commentary on underwriting results

In the current year, FuSure successfully broadened its underwriting portfolio by expanding into traditional P&C lines. This strategic diversification resulted in a material increase in GWP, driven specifically by the addition of non-proportional P&C business.

7 Capital adequacy

(a) Prescribed capital amount at total level and risk capital amount ("RCA") by sub-risk, determined in accordance with the Insurance (Valuation and Capital) Rules (without applying the transitional arrangement under Part 7 of the Insurance (Valuation and Capital) Rules)

Prescribed Capital Amount

(Unit: in HKD thousands)	As at 31 December 2025	As at 31 December 2024
Market risk (diversified RCA)	373,354	223,724
Interest rate risk RCA	262,043	154,520
Credit spread risk RCA	221,567	145,115
Equity risk RCA	22,099	0
Property risk RCA	0	0
Currency risk RCA	46,159	28,670
Diversification benefits within market risk	(178,514)	(104,581)
Life Insurance Risk (diversified RCA)	2,134	0
Mortality risk RCA	0	0
Longevity risk RCA	0	0
Life catastrophe risk RCA	0	0
Morbidity risk RCA	1,658	0
Expense risk RCA	8	0
Lapse risk RCA	1,335	0
Diversification benefits within life insurance risk	(867)	0
General Insurance Risk (diversified RCA)	583,070	312,369
Reserve and premium risk RCA	476,859	298,754
Natural catastrophe risk RCA	236,859	43,205
Man-made non-systemic catastrophe risk RCA	0	0
Man-made systemic catastrophe risk RCA	0	0
Mortgage insurance risk RCA	0	0
Diversification benefits within general insurance risk	(130,648)	(29,590)
Counterparty default and other risk RCA	14,193	25,576
Diversification benefits among risk modules	(200,989)	(125,688)
Operational risk RCA	100,601	85,451
Adjustment for loss absorbing capacity cap	0	0
Adjustment for tax effect	(71,970)	(43,018)
Any other items which the IA may specify to adjust	0	0
Prescribed capital amount	800,393	478,414

(b) Composition of capital base determined in accordance with the Insurance (Valuation and Capital) Rules

Capital Base

(Unit: in HKD thousands)	As at 31 December 2025	As at 31 December 2024
Unlimited Tier 1 capital	3,125,583	1,972,242
Limited Tier 1 capital	0	0
Tier 2 capital	0	0
Capital base	3,125,583	1,972,242

(c) Ratio of capital base to prescribed capital amount

	As at 31 December 2025	As at 31 December 2024
Ratio of capital base to prescribed capital amount	391%	412%

(d) Material change or other commentary on prescribed capital amount, capital base, and ratio of capital base to prescribed capital amount

- In 2025, FuSure was issued with a composite insurance license, which permits FuSure to underwrite long-term reinsurance business. The current-year regulatory filing incorporates the Prudential Capital Assessment (PCA) and liability valuations pertaining to the newly-set-up long-term business portfolio.
- The increase in market risk capital requirement was mainly attributable to the growth in invested assets during the year. The increase reflected both the natural expansion of assets associated with continued business growth and the deployment of additional capital injections into the investment portfolio. As investment exposures increased, the corresponding market risk capital requirement also increased.

8 Risk Management

(a) Risk appetite and risk governance framework

Risk appetite is a statement of the level of risk FuSure is willing to assume in pursuit of business objectives. It reflects a fundamental attitude toward risk and provides effective guidance for strategy formulation, business planning and resource allocation. By establishing risk appetite, FuSure provides clear guidance on risk measurement and aggregate risk levels for the achievement of strategic goals and business plans, while effectively balancing risk and return and ensuring that the level of risk assumed is consistent with business strategy and management capabilities.

FuSure adopts a prudent risk appetite. Through proactive risk management, FuSure maintains adequate capital and a solid compliance baseline, while continuously seeking to maximize capital efficiency and business growth. Within acceptable risk levels, FuSure strives to:

- Pursue organic growth in capital by maintaining sustainable profitability and avoiding abnormal fluctuations of profit;
- Maintain adequate solvency to comply with regulatory, external rating agency's and internal management's solvency requirements;
- Establish a robust risk management framework to support long-term sustainable development; and
- Promote the Tencent insurance ecosystem by leveraging its technological advantages and adhering to its values.

FuSure continues to develop its risk appetite framework, establishing a cascading mechanism from risk appetite to risk tolerance and risk limits, and setting corresponding risk limit indicators. Through regular monitoring of risk appetite execution, FuSure ensures that risks remain within tolerance levels. In 2025, risk appetite remained unchanged. No major risk events occurred, and there were no deviations from the existing risk appetite and tolerable risk limits.

Asset-liability management (ALM) is an ongoing process of coordinating the management of assets and liabilities within established risk tolerance to achieve its financial objectives. The primary financial objectives include, but are not limited to: reducing liquidity risk to ensure timely fulfilment of payment obligations; optimizing asset-liability matching to enhance operating efficiency; and rationally allocating the asset portfolio to meet solvency targets.

FuSure has established an enterprise risk management (ERM) governance structure under which the Board of Directors bears ultimate responsibility, the Risk Committee oversees decision-making, senior management provides direct leadership, and all departments work in close coordination. Through the "three lines of defense" system, FuSure clearly defines roles, responsibilities and reporting lines. Combined with a prudent risk appetite, FuSure proactively monitors risks to ensure solvency adequacy and regulatory compliance, while pursuing efficient capital utilization and steady business growth.

The Board has overall responsibility for establishing and overseeing an effective ERM framework. Its responsibilities include, but are not limited to: reviewing and approving Risk Appetite Statement; reviewing and approving ERM framework; fostering a sound risk culture and effective risk management practices throughout the business; approving risk management policies and key procedures; understanding the risk exposures of the business and the approaches taken to manage them; assessing and approving material business activities that may deviate from the existing risk appetite and tolerable risk limits; approving the ORSA report and the risk assessment results of the annual business plan and budget; approving retrocession management strategy; and receiving reports from the key person in compliance function on compliance status.

The Board of Directors has established a Risk Committee, which is responsible for overseeing the establishment and effective implementation of the ERM Framework. The Risk Committee evaluates and monitors FuSure's strategies from a risk management perspective when necessary, and provides opinions and recommendations on risk management-related matters. The principal roles and responsibilities of the Risk Committee are set out in Section 2 above.

Senior management is responsible for driving the practical implementation of the ERM framework and performs the following duties: conducting day-to-day risk management activities in accordance with approved risk policies, procedures and the Risk Appetite Statement; regularly monitoring risks and reporting to the Board and/or the Risk Committee, including timely escalation of material risk events and serious breaches of the ERM framework; providing adequate ERM training on a regular basis; and establishing appropriate communication channels so that relevant staff understand and adhere to the applicable policies and procedures.

Risk-taking and business operation departments/teams form the first line of defense and handle day-to-day risk identification, management, monitoring, prevention and early warning. The Risk Management and Legal Department serves as the second line of defense, responsible for supervising, organizing, coordinating and promoting the establishment of a sound ERM framework. The Internal Audit Department acts as the third line of defense, assessing the effectiveness of risk management and evaluation methods, as well as the effectiveness of the first and second lines of defense.

(b) Insurance risk management

Overall, insurance risks fall into two main categories. The first comprises risks of loss arising from adverse deviations between actual experience and expected assumptions in mortality, morbidity, claims ratios, lapse rates and expense rates. These primarily include premium risk, reserve risk, catastrophe risk, mortality risk, longevity risk, life catastrophe risk, morbidity risk, expense risk and lapse risk. The second comprises concentration risk arising from excessive concentration of business and retrocessionaires, mainly including inward business concentration risk and retrocession business concentration risk.

FuSure quantifies and assesses insurance risks under Pillar 1 of HKRBC and regularly monitors the prescribed capital amount for insurance risks. The results as at 31 December 2025 are as follows:

In HKD'000

PCA	As at 31 December 2025
General insurance risk (after diversification)	583,070
-Premium and reserve risk	476,859
-Catastrophe risk	236,859
Life insurance risk (after diversification)	2,134
-Morbidity risk	1,658
-Expense risk	8
-Lapse risk	1,335

From the composition of the prescribed capital amount, general insurance risk is the largest component of HKRBC prescribed capital. Before taking into account the diversification effect among major risk categories, it accounts for more than half of the overall prescribed capital amount. Life insurance risk, given that long-term insurance business is still at an early stage, occupies a very low proportion of the prescribed capital amount.

Concentration risk comprises inward business concentration risk and retrocession business concentration risk.

Inward business concentration risk arises when, due to limitations in business strategy, brand position, sales capability or product innovation, business becomes concentrated in particular channels, insurers, product categories or regions. Significant fluctuations in the scale or quality of such business may impair premium volume and profitability. Based on assessment, accident and health insurance accounts for the largest share of overall premium income, exposing us to a certain degree of business concentration risk. Going forward, FuSure will enrich product lines through product innovation, further expand business to achieve greater diversification in products and underwriting regions, and continue to broaden customer network and client base, thereby further reducing inward business concentration risk.

Retrocession business concentration risk refers to the risk of financial loss or liquidity issues arising from an excessively high share assumed by a single retrocessionaire, should that retrocessionaire fail to pay or delay payment of reinsurance recoverables. Based on assessment, in 2025 FuSure effectively reduced retrocessionaire concentration risk by adjusting the shares assumed by retrocessionaires and introducing additional retrocession partners.

FuSure implements comprehensive controls over insurance risks. FuSure has established a prudent and low-volatility business strategy and embedded risk management throughout the entire underwriting process. Prior to acceptance, FuSure rigorously reviews product design, health declarations, underwriting rules and underwriting schemes. During the process, FuSure monitors key indicators such as claims development in a timely manner. Afterwards, FuSure conducts effective reviews of cedant's claims management, with retrocession serving as the back-end safeguard.

For long-term business, FuSure manages risks by not providing guaranteed rates, agreeing on re-pricing and exit mechanisms, controlling underwriting terms, and applying prudent pricing assumptions together with stress testing. For general insurance business, FuSure strengthens billing management, data analysis and experience monitoring, and promptly adjusts underwriting and pricing strategies. For catastrophe risk, FuSure sets prudent retention limits by region and transfers excess risk to retrocessionaires. In 2025, retentions across all business lines remained within risk appetite. At the same time, FuSure optimizes retrocession strategy and cost structure to ensure that retained risks are aligned with risk tolerance. Going forward, FuSure will continue to enhance management measures across multiple dimensions, including business strategy, partner selection, product design, underwriting policies, pricing strategies and underwriting rules, to keep risks under control.

In accordance with the overall principles of legal compliance, prudent operation, independent checks and balances, and timely applicability, FuSure has established a reinsurance business management system based on the Hong Kong Insurance Authority's Guideline on Enterprise Risk Management (GL21). The governance structure for insurance risk comprises the Board of Directors, the Risk Committee, senior management, the Underwriting Committee, and the departments or teams responsible for market, actuarial valuation, pricing, underwriting, claims, business management, billing, risk management, legal and compliance functions.

The Board is responsible for approving business management policies, material underwriting and claims matters beyond authorized limits, as well as business objectives and strategies. The Risk Committee provides advice to the Board and independently reviews the identification, measurement, monitoring and management of insurance risks. The Chief Executive Officer, as the highest decision-making authority for business management within the Board's delegated authority, approves underwriting, claims and retrocession authorities. Underwriting Committees are established by business line to review business objectives, strategies, policies and procedures, and to dynamically monitor underwriting risks. Each functional department performs its respective duties in managing insurance risks.

FuSure has established a clear authority and accountability mechanism, implementing unified management and hierarchical authorization for underwriting, retrocession and claims. All levels of the organization strictly exercise their duties and approval authorities in accordance with the delegated authority. The Risk Management and Legal Department organizes departments to implement the cascading of risk appetite, regularly consolidates risk monitoring results and reports to senior management. Business departments establish comprehensive management frameworks to timely identify, quantify, assess, monitor, report, control and mitigate insurance risks. For material business underwriting, the actuarial valuation department conducts quantitative risk assessments. As one of the key risks of focus, insurance risks were managed in 2025 through prudent business underwriting and retrocession arrangements to minimize or avoid related exposures to the greatest extent possible, ensuring risks remained controllable and safeguarding capital and solvency.

(c) Investment risk management

The primary objective of FuSure's investment management is to support its insurance liability business, maintain adequate liquidity and preserve a sound capital position. Subject to these objectives, FuSure seeks to achieve sustainable risk-adjusted returns while controlling the potential impact of investment activities on capital adequacy and financial performance. The investment portfolio is managed in accordance with the investment policy and strategic asset allocation approved by the Board, taking into account the characteristics of insurance liabilities, liquidity requirements, solvency position and FuSure's overall risk appetite.

FuSure has established risk appetite, limits and monitoring metrics for key investment risks, including interest rate risk, credit spread risk, concentration risk, liquidity risk and foreign exchange risk. These limits cover asset allocation, issuers and counterparties, industries, currencies and other relevant concentrations. Risk exposures and limit utilisation are continuously monitored and reported regularly to the Investment & Asset-Liability Management Committee and the Board. Stress testing and scenario analysis are conducted to assess the potential impact of market changes on investment returns, liquidity and capital adequacy. The results are used to support investment management and decision-making.

Prior to introducing new asset classes or investment strategies, FuSure conducts due diligence covering market, credit, liquidity, valuation, legal, operational and capital impact considerations. Such investments are subject to approval in accordance with the delegated authority framework. Following investment, the relevant assets remain subject to ongoing risk and compliance monitoring.

The Board has ultimate oversight responsibility for investment risk management and approves the investment policy and strategic asset allocation. The Investment Committee is responsible for reviewing the implementation of investment policies, investment performance, risk exposures and compliance with limits, and for making recommendations to the Board on significant changes where appropriate. Management is responsible for executing investment activities within approved authorities and limits. Material investment matters and significant limit breaches are escalated and addressed in a timely manner in accordance with the delegated authority framework.

(d) Other risk management

Risk identification is the prerequisite for effective implementation of comprehensive risk management and the first step in the overall risk management process. In the process of risk identification, FuSure refers to the Hong Kong Insurance Authority's Guideline 21 for risk classification and takes into account factors such as business plan, investment plan and internal control processes. FuSure employs multiple risk identification methods, fully draws on the experience of various departments, and applies a combination of qualitative and quantitative analytical approaches to classify and prioritize the identified risks, thereby enhancing the accuracy of risk identification.

In addition to the risk categories mentioned above, comprehensive risk assessment also covers counterparty default risk, liquidity risk, operational risk, reputational risk, cyber risk and strategic risk.

The governance structure for each of these risks is consistent with the overall risk governance framework, comprising the Board of Directors, the four Board committees, senior management and the functional

departments. The risk-taking departments, the Risk Management and Legal Department, together with the Internal Audit Department, form the three lines of defense in the risk management system. Please refer to Section 8 (a) for details. In accordance with their respective responsibilities and in light of development strategy, business objectives and risk management needs, each functional department identifies risks and formulates corresponding risk management policies or mitigation plans. From the options of risk avoidance, reduction, transfer or retention, they adopt effective measures that are appropriate to the current stage of development, so as to keep risks within the monitoring indicator limits or tolerance levels cascaded from the risk appetite. In addition, the functional departments strengthen internal control by establishing robust risk management policies and systems, as well as corresponding business processes and mechanisms. FuSure has established a risk management policy system covering the above risks and has integrated the management procedures into business cycles and activities to effectively manage all types of risks.

9 Statement of Compliance

(i) I am satisfied with the completeness, accuracy and consistency of the information disclosed in this disclosure statement in respect of FuSure Reinsurance Company Limited;

(ii) I am satisfied that the information in this disclosure statement is prepared in accordance with the Insurance (Public Disclosure) Rules and the Insurance (Valuation and Capital) Rules (subject to any variation or relaxation applied thereto);

(iii) I am satisfied that the information in this disclosure statement can be reconciled with the relevant specified annual forms, on each of which an auditor's report is provided, of FuSure Reinsurance Company Limited's annual returns for the financial year to which this disclosure statement relates, as submitted under rule 4(1) of the Insurance (Submission of Statements, Reports and Information) Rules; and

(iv) I am satisfied that FuSure Reinsurance Company Limited has complied with all capital requirements that apply to it under the Insurance (Valuation and Capital) Rules, during the financial year to which this disclosure statement relates.

Name:	
Position:	**Chief Executive Officer**
Company Name:	**FuSure Reinsurance Company Limited**