

Report of the Directors and Audited Financial Statements

BE REINSURANCE LIMITED  
(Incorporated in Hong Kong with limited liability)

31 December 2025



BE REINSURANCE LIMITED  
(Incorporated in Hong Kong with limited liability)

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BE REINSURANCE LIMITED  
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## REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of BE Reinsurance Limited (the "Company") for the year ended 31 December 2025.

### Principal activity

The principal activity of the Company was underwriting of general reinsurance business.

### Recommended dividend

The directors recommend the payment of a final dividend of HK\$0.14 per ordinary share totaling HK\$70,000,000 in respect of the year subject to the approval of the Insurance Authority (2024: HK\$60,000,000).

### Directors

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

#### *Directors*

Chan, Bernard Charnwut (Chairman)  
Chan, Wo Ping  
Tse, Shu Pui Antonio  
Wu, Arthur  
Wu, Shang Tun Mason

#### *Non-executive director*

Chan, King Sang Edward

#### *Independent non-executive directors*

Kwok, Tsun Wa  
Li, Lu Jen Laurence  
Ma, Kin San Bianca  
Tse, Cheuk Yin Andrew

All directors remain in office as at the date of this report.

There being no provision in the Company's Articles of Association for retirement, all directors shall continue in office.

### Controllers

The controllers of the Company (as defined in Section 9 of the Hong Kong Insurance Ordinance) for the year ended 31 December 2025 were:

SiriusPoint International Insurance Corporation (publ)  
Forever Joy Investments Limited  
Sino Dragon Holdings Limited  
Chan, Chi Ko

### Directors' and controllers' interests

During the year, an existing shareholder of the Company entered into agreements to dispose of its entire equity interest in the Company to other existing shareholders, with the share transfers subsequently completed in February 2026. Some of the directors are shareholders or are in control of the transferee shareholders. Following the completion of the share transfers, there was no change in the controllers of the Company.

Save as disclosed above, at no time during the year was the Company or its other associated corporations a party to any arrangement to enable the Company's directors or controllers to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, nor were any such rights exercised by them.

BE REINSURANCE LIMITED  
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REPORT OF THE DIRECTORS (continued)

Directors' and controllers' interests in transactions, arrangements or contracts

No director or controller had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or its other associated corporations was a party during the year, except as disclosed in Note 8 to the financial statements.

Statutory insurance

During the year, the Company has not carried on insurance business (other than reinsurance business) relating to liabilities or risks in respect of which the insured is required by any ordinance to be insured.

Management contracts

Pursuant to an agreement dated 29 December 2015 between the Company and AR Consultant Services (HK) Limited ("AR Consultant"), AR Consultant provides administrative services and back office support to the Company. During the year, the Company paid a management service fee of HK\$2,000,000 (2024: HK\$1,800,000) to AR Consultant under this agreement.

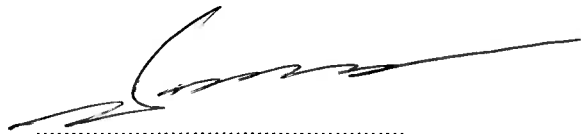
Charitable contributions

During the year, the Company made charitable contributions totaling HK\$3,150,000 (2024: HK\$2,000,000).

Auditor

Ernst & Young retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD



.....  
Chan, Bernard Charnwut  
Chairman  
Hong Kong  
27 April 2026



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

安永會計師事務所  
香港鰂魚涌英皇道979號  
太古坊一座27樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

**Independent auditor's report**  
**To the members of BE Reinsurance Limited**  
(Incorporated in Hong Kong with limited liability)

**Opinion**

We have audited the financial statements of BE Reinsurance Limited (the "Company") set out on pages 6 to 74 which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information other than the financial statements and auditor's report thereon**

The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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 the directors and those charged with governance for the financial statements**

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Company's financial reporting process.



**Independent auditor's report** (continued)  
**To the members of BE Reinsurance Limited**  
(Incorporated in Hong Kong with limited liability)

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made 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 judgement and maintain professional skepticism 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.



**Independent auditor's report** (continued)  
**To the members of BE Reinsurance Limited**  
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**Auditor's responsibilities for the audit of the financial statements** (continued)

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

The engagement partner on the audit resulting in this independent auditor report is Wong Sui Yan (practicing certificate number: P06306)

Certified Public Accountants  
Hong Kong  
27 April 2026

BE REINSURANCE LIMITED  
(Incorporated in Hong Kong with limited liability)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 HK\$	2024 HK\$
Insurance revenue	4, 14(i)	57,348,012	67,046,640
Insurance service expenses	14(i)	<u>(46,085,890)</u>	<u>(43,122,486)</u>
Insurance service result before reinsurance contracts held		<u>11,262,122</u>	<u>23,924,154</u>
<b>Net expenses from reinsurance contracts held</b>	<b>14(ii)</b>	<b><u>(6,200,246)</u></b>	<b><u>(6,046,338)</u></b>
<b>Insurance service results</b>		<b><u>5,061,876</u></b>	<b><u>17,877,816</u></b>
Insurance finance (expenses)/income for insurance contracts issued	5	(11,355,143)	4,770,223
Reinsurance finance income for reinsurance contracts held	5	<u>279,185</u>	<u>109,912</u>
Net insurance financial result		<u>(11,075,958)</u>	<u>4,880,135</u>
<b>Insurance operating results</b>		<b><u>(6,014,082)</u></b>	<b><u>22,757,951</u></b>
<b>Net investment income</b>	5	203,986,080	123,103,066
Other expenses		(14,424,290)	(2,760,943)
<b>PROFIT BEFORE TAX</b>	6	<b><u>183,547,708</u></b>	<b><u>143,100,074</u></b>
Income tax expense	7	<u>(7,480,109)</u>	<u>(11,951,450)</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>176,067,599</u></b>	<b><u>131,148,624</u></b>

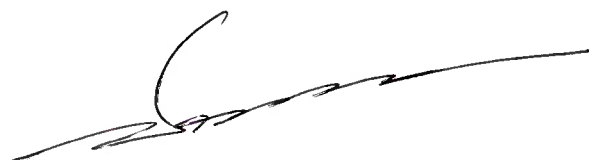
BE REINSURANCE LIMITED  
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STATEMENT OF FINANCIAL POSITION

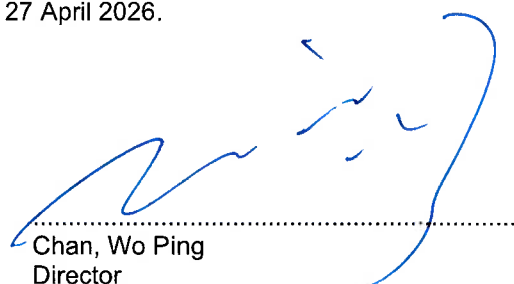
31 December 2025

	Notes	As at 31 December 2025 HK\$	As at 31 December 2024 HK\$
<b>ASSETS</b>			
Property, plant and equipment	10	455,270	509,069
Right-of-use assets	10	482,210	1,308,856
Insurance contracts assets	14	7,006,030	7,715,870
Reinsurance contracts assets	14	6,015,204	8,139,472
Financial assets at fair value through profit or loss	11	761,325,126	596,006,493
Prepayments, deposits and other receivables	12	5,491,790	3,794,635
Time deposits with original maturity over three months	13	255,335,704	286,654,694
Cash and cash equivalents	13	35,819,700	33,253,187
<b>TOTAL ASSETS</b>		<u>1,071,931,034</u>	<u>937,382,276</u>
<b>LIABILITIES</b>			
Insurance contracts liabilities	14	236,663,827	226,386,855
Reinsurance contracts liabilities	14	1,551,647	-
Other payables and accruals	15	3,595,322	3,599,931
Lease liabilities	16	499,368	1,322,328
Current tax liabilities	7	1,016,100	4,298,940
Deferred tax liabilities	20	18,415,459	7,652,510
<b>TOTAL LIABILITIES</b>		<u>261,741,723</u>	<u>243,260,564</u>
<b>NET ASSETS</b>		<u>810,189,311</u>	<u>694,121,712</u>
<b>EQUITY</b>			
Share capital	17	500,000,000	500,000,000
Contingency reserve	18	12,363,087	9,972,032
Retained profits		297,826,224	184,149,680
<b>TOTAL EQUITY</b>		<u>810,189,311</u>	<u>694,121,712</u>

Approved and authorised for issue by the Board of Director on 27 April 2026.



Chan, Bernard Charnwut  
Director



Chan, Wo Ping  
Director

BE REINSURANCE LIMITED  
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STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Share Capital HK\$ (Note 17)	Contingency reserve HK\$ (Note 18)	Retained profits HK\$	Total HK\$
At 1 January 2024	500,000,000	6,510,903	66,462,185	572,973,088
Profit and total comprehensive income for the year	-	-	131,148,624	131,148,624
Increase in contingency reserve	-	3,461,129	(3,461,129)	-
Transactions with shareholders 2023 final dividends approved and paid to shareholders	-	-	(10,000,000)	(10,000,000)
Balance as at 31 December 2024	<u>500,000,000</u>	<u>9,972,032</u>	<u>184,149,680</u>	<u>694,121,712</u>
At 1 January 2025	500,000,000	9,972,032	184,149,680	694,121,712
Profit and total comprehensive income for the year	-	-	176,067,599	176,067,599
Increase in contingency reserve	-	2,391,055	(2,391,055)	-
Transactions with shareholders 2024 final dividends approved and paid to shareholders	-	-	(60,000,000)	(60,000,000)
Balance as at 31 December 2025	<u>500,000,000</u>	<u>12,363,087</u>	<u>297,826,224</u>	<u>810,189,311</u>

BE REINSURANCE LIMITED  
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STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 HK\$	2024 HK\$
<b>OPERATING ACTIVITIES</b>			
Profit before tax		183,547,708	143,100,074
Adjustments for:			
Dividend income from listed equity investments	5	(18,927,365)	(14,916,436)
Dividend income from unlisted equity investment	5	(3,677,596)	(1,300,237)
Bank interest income	5	(8,468,179)	(12,695,785)
Interest expenses on lease liabilities	6	43,815	37,158
Depreciation	6	1,317,850	1,300,533
Loss on disposal of financial assets at fair value through profit or loss		4,890,538	30,372,028
Fair value gains on financial assets at fair value through profit or loss		(176,216,668)	(128,060,671)
		<u>(17,489,897)</u>	<u>17,836,664</u>
Decrease in insurance contracts assets		709,840	7,150,840
Decrease in reinsurance contracts		2,124,268	4,136,562
(Increase)/decrease in prepayments, deposits and other receivables		(1,697,155)	483,917
Increase/(decrease) in insurance contracts liabilities		10,276,972	(12,842,556)
Increase in reinsurance contracts liabilities		1,551,647	-
(Decrease)/increase in other payables and accruals		(4,609)	229,324
		<u>(4,528,934)</u>	<u>16,994,751</u>
Cash (used in)/generated from operations		(4,528,934)	16,994,751
Interest expenses on lease liabilities	16	(43,815)	(37,158)
		<u>(4,572,749)</u>	<u>16,957,593</u>
Net cash (used in)/generated from operating activities			
<b>INVESTING ACTIVITIES</b>			
Dividend received from listed investments	5	18,927,365	14,916,436
Dividend received from unlisted investments	5	3,677,596	1,300,237
Interest received	5	8,468,179	12,695,785
Withdrawal/(placement) of time deposits with original maturity over three months		31,318,990	(12,227,795)
Purchases of items of property, plant and equipment	10	(437,405)	(451,560)
Purchases of financial assets at fair value through profit or loss		(161,223,650)	(150,012,975)
Proceeds from disposal of financial assets at fair value through profit or loss		167,231,147	128,225,809
		<u>67,962,222</u>	<u>(5,554,063)</u>
Net cash generated from/(used in) investing activities			
<b>FINANCING ACITIVITIES</b>			
Dividend paid		(60,000,000)	(10,000,000)
Principal portion of lease payments	16	(822,960)	(887,498)
		<u>(60,822,960)</u>	<u>(10,887,498)</u>
Net cash used in financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,566,513	516,032
Cash and cash equivalents at beginning of year		<u>33,253,187</u>	<u>32,737,155</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	<u><u>35,819,700</u></u>	<u><u>33,253,187</u></u>

BE REINSURANCE LIMITED  
(Incorporated in Hong Kong with limited liability)

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 1. CORPORATE INFORMATION

BE Reinsurance Limited (the "Company") is a limited liability company incorporated in Hong Kong. Its registered office is located at Room 2903, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong. The principal activity of the Company is underwriting of general reinsurance business.

### 2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all HKFRS Accounting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

### 2.2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, except for certain equity investments which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK\$").

### 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted amendments to HKAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Company had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Company's presentation currency were exchangeable, the amendments did not have any impact on the Company's financial statements.

The HKICPA has recently issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transition provisions. The Amendments did not have any impact on the financial position or performance of the Company.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Company has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Company intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

<i>HKFRS 18</i>	<i>Presentation and Disclosure in Financial Statements<sup>2</sup></i>
<i>HKFRS 19 and its amendments</i>	<i>Subsidiaries without Public Accountability: Disclosures<sup>2</sup></i>
<i>Amendments to HKFRS 9 and HKFRS 7</i>	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>1</sup></i>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7<sup>1</sup></i>

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual/reporting periods beginning on or after 1 January 2027

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Company is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Company's financial statements.

HKFRS 19 Subsidiaries without Public Accountability: Disclosures

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. Earlier application is permitted. The Company does not expect it is eligible for application of HKFRS 19 in the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.

Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Company are as follows:

**HKFRS 7 Financial Instruments: Disclosures:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.

**HKFRS 9 Financial Instruments:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.

**HKAS 7 Statement of Cash Flows:** The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Company's financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Insurance and reinsurance contracts

(a) Classification

The Company issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities, under which it accepts significant insurance risk from them. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred. Insurance contracts can also transfer financial risk.

The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

The Company does not issue any contracts with direct participating features.

(b) Insurance and reinsurance contracts accounting treatment

(i) Separating components from insurance and reinsurance contracts

The Company assesses its general reinsurance products to determine whether they contain distinct components which must be accounted for under another HKFRS instead of under HKFRS 17. After separating any distinct components, the Company applies HKFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

Some reinsurance contracts issued and reinsurance contracts held contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that will be paid or received – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately.

(ii) Level of aggregation

HKFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Company has applied aggregation levels up to contract level, which are significantly higher than the level of aggregation required by HKFRS 17.

HKFRS 17 requires that the level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). HKFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Insurance and reinsurance contracts (continued)

(b) Insurance and reinsurance contracts accounting treatment (continued)

(ii) Level of aggregation (continued)

Separating components from insurance and reinsurance contracts (continued)

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into two groups, as follows:

- A group of contracts that are onerous at initial recognition
- A group of the remaining contracts in the portfolio

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

(iii) Recognition

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES

Insurance and reinsurance contracts (continued)

(b) Insurance and reinsurance contracts accounting treatment (continued)

(iv) Contract boundary

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

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

Or

Both of the following criteria are satisfied:

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

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

(c) Measurement – general model

(i) Insurance contracts – initial measurement

The general model measures a group of insurance contracts as the total of:

- Fulfilment cash flows
- A CSM representing the unearned profit the Company will recognise as it provides insurance contract services under the insurance contracts in the group

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk. The Company's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Insurance and reinsurance contracts (continued)

(c) Measurement – general model (continued)

(i) Insurance contracts – initial measurement (continued)

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims
  - An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
  - Claims related cashflows, including mandatory reinstatement premium
- Claims handling costs
- Policy administration and maintenance costs
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- Transaction-based taxes

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes
- The Company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer
- The Company recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition

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

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. If there are only certain portion of contracts in the onerous underlying group are covered by the group of reinsurance contracts held, the Company uses a systematic and rational method to determine the portion of losses recognised on the underlying group of insurance contracts to insurance contracts covered by the group of reinsurance contracts held.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Insurance and reinsurance contracts (continued)

(c) Measurement – general model (continued)

(j) Insurance contracts – initial measurement (continued)

Where the Company enters into reinsurance contracts held which provide coverage relating to events that occurred before the purchase of the reinsurance, such cost of reinsurance is recognised in profit or loss on initial recognition.

(ii) Insurance contracts – subsequent measurement

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided. For a group of insurance contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
  - Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
  - The changes in fulfilment cash flows relating to future service, except to the extent that:
    - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss
- Or
- Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
  - The effect of any currency exchange differences on the CSM
  - The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The locked-in discount rate is applicable at the date of initial recognition of contracts. The locked-in discount rate used for accretion of interest on the CSM of the contracts is determined using the bottom-up approach at inception of the contracts.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk which are recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Insurance and reinsurance contracts (continued)

(c) Measurement – general model (continued)

(ii) Insurance contracts – subsequent measurement (continued)

- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

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

The Company measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Company comprising the fulfilment cash flows related to past service allocated to the group at that date.

(iii) Reinsurance contracts held – subsequent measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.

Any change in the fulfilment cash flows of a retroactive reinsurance contract held due to the changes of the liability for incurred claims of the underlying contracts is taken to profit and loss and not the contractual service margin of the reinsurance contract held.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where the Company has established a loss-recovery component, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Insurance and reinsurance contracts (continued)

(c) Measurement – general model (continued)

(iii) Reinsurance contracts held – subsequent measurement (continued)

A loss-recovery component reverses consistent with reversal of the loss component of underlying groups of contracts issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of reinsurance contracts held. Changes in the fulfilment cashflows of the group of reinsurance contracts held always adjust the CSM, but do not reverse of the loss-recovery component.

(iv) Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)  
Or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract

(v) Insurance acquisition cash flows

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

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the CSM of the related group of insurance contracts. The Company expects to derecognise all assets for insurance acquisition cash flows within one year.

(d) Presentation

The Company has presented separately in the statement of financial position the carrying amount of portfolios of insurance contracts assets, portfolios of insurance contracts liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are recognised are included in the carrying amount of the related portfolios of insurance contracts issued.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Insurance and reinsurance contracts (continued)

(d) Presentation (continued)

The Company disaggregates the amounts recognised in the statement of profit or loss into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

The Company disaggregates the change in risk adjustment for non-financial risk between a financial portion in insurance finance income or expense and non-financial portion in insurance service expense, and the entire change is part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

(i) Insurance revenue

The Company's insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Company adjusted for financing effect (the time value of money) and excluding any investment components). The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- Insurance service expenses, excluding any amounts relating to the risk adjustment for non-financial risk and any amounts allocated to the loss component of the liability for remaining coverage
- Amounts related to income tax that are specifically chargeable to the policyholder
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The CSM release
- Amounts related to insurance acquisition cash flows

(ii) Loss components

The Company has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Insurance and reinsurance contracts (continued)

(d) Presentation (continued)

(ii) Loss components (continued)

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfilment cash flows to: (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the fulfilment cash flows and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

(iii) Loss-recovery components

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

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

(iv) Insurance finance income or expenses

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Insurance and reinsurance contracts (continued)

(d) Presentation (continued)

(iv) Insurance finance income or expenses(continued)

The Company does not disaggregate insurance finance income or expenses on insurance contracts issued between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance and related reinsurance assets and liabilities are fully reflected in profit or loss in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities. The Company's financial assets backing the insurance issued portfolios are predominantly measured at fair value through profit or loss or FVPL. Finance income or expenses on the Company's issued reinsurance contracts is not disaggregated because the related financial assets are also managed on a fair value basis and measured at fair value through profit or loss (FVPL).

The Company systematically evaluates expected total insurance finance income or expenses based on (i) the duration of the group of contracts, (ii) discount rates determined on initial recognition of the group of contracts, and (iii) changes in discount rates between the start and the end of reporting period.

(v) Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss, (i) the amounts expected to be recovered from reinsurers, and (ii) an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

Fair value measurement

The Company measures its financial assets at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 22 to the financial statements. The valuation requires the company to determine the comparable public companies (peers) and select the price multiple. In addition, the Company makes estimates about the discount for illiquidity and business size differences. The Company classifies the fair value of these investments as Level 3.

Related parties

A party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Company are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If such an indication exists, the Company makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to profit or loss in the year in which it arises.

Fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plants and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

<i>Owned assets</i>	
Computer	33.33%
Furniture and fixtures	20%
Office equipment	33.33%

Where parts of a fixed asset have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

*As a Lessee*

The Company applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Company accounts for each lease component within a lease contract as a lease separately. The Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Company that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Company recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Company; and
- (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Building	Over the shorter of the lease terms and 20 years
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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Company will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Company remeasures the lease liability using a revised discount rate.

The Company recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the remeasurement in profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits, as defined above, form an integral part of the Company's cash management.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets

Financial assets are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

(a) Classification and measurement

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Equity investments are measured at fair value through profit or loss unless, on initial recognition, the Company has irrevocably elected to designate such investments that are not held for trading as equity investments at fair value through other comprehensive income. Dividends of such investments are recognised in the statement of profit or loss when the Company's right to receive payment is established. Changes in the fair value of such investments are recognised in other comprehensive income and are never recycled to the statement of profit or loss even when the assets are sold.

(b) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership or where control is not retained.

(c) Impairment of financial assets

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

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2.5 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

(c) Impairment of financial assets (continued)

The Company applies the expected credit loss model on all the financial assets that are subject to impairment, financial guarantee contracts, contract assets under HKFRS 15 and lease receivables under HKAS 17. For trade receivables and contract assets without a significant financial component, the Company applies the simplified approach which requires impairment allowances to be measured at lifetime expected credit losses.

For other financial assets, impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Company is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more appropriate default criterion should be applied.

Foreign currency translations

Transactions in foreign currencies are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Employee benefits

The Company operates a mandatory provident fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as and when the contributions fall due.

Deferred tax

Deferred tax is provided using the liability method, on temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax.

Deferred tax liabilities are provided in full while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

NOTES TO FINANCIAL STATEMENTS

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2.5 MATERIAL ACCOUNTING POLICIES (continued)

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits and/or contributed surplus within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Proposed final dividends are disclosed in the notes to the financial statements (Note 9).

Revenue recognition

*Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Company will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. When the contract contains a financing component which provides the Company a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Income items not subject to HKFRS 15 are illustrated as follows:

Dividend income is recognised when the shareholders' right to receive payment has been established.

Interest income, on an accrual basis, using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Fair value gains on investment at fair value through profit or loss are recognised as unrealised gains and losses which comprise changes in the fair value of financial instruments for the year and from reversal of prior period's unrealised gains and losses for financial instruments.

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

NOTES TO FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Company's accounting policies, the management has made the following judgements apart from those involving estimations which have the most significant effect on the amounts recognised in the financial statements.

- (a) Fair value of financial assets  
The management of the Company uses its judgment in selecting an appropriate valuation technique for financial assets not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For unlisted equity financial assets, the fair value are estimated using a market-based valuation technique.
- (b) Income taxes  
Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company has carefully evaluated that the tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Estimation uncertainty

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

- (a) Valuation of unlisted financial assets at fair value through profit or loss

At 31 December 2025, the unlisted financial assets at fair value through profit or loss with a carrying amount of HK\$115,120,000 (2024: HK\$84,820,000) were measured at fair value.

The Company establishes fair value by using valuation techniques at the reporting date. These include the reference to other market comparative that are substantially the same, discounted cash flow analysis.

- (b) Leases – Estimating the incremental borrowing rate ("IBR")

The Company cannot readily determine the interest rate implicit in a lease. It uses HSBC's Hong Kong Dollar best lending rate which was effective at 1 November 2019 as a proxy of IBR to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease.

NOTES TO FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(c) Insurance and reinsurance contracts

*Discount rates*

Insurance contracts liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields curve published by European Insurance and Occupational Pensions Authority in the currency of the insurance contracts liabilities. The illiquidity premium is determined by reference to observable market rates.

Discount rates applied for discounting of future cash flows are listed below:

**At 31 December 2025**

	1 year	2 years	3 years	4 years	5-10 years
HKD	2.381%	2.309%	2.335%	2.395%	2.468% - 2.842%
USD	3.431%	3.310%	3.338%	3.397%	3.466% - 3.838%

**At 31 December 2024**

	1 year	2 years	3 years	4 years	5-10 years
HKD	3.628%	3.492%	3.419%	3.371%	3.341% - 3.395%
USD	4.180%	4.086%	4.063%	4.041%	4.017% - 4.076%

*Risk adjustment for non-financial risk*

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

NOTES TO FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(c) Insurance and reinsurance contracts (continued)

*Amortisation of the Contractual Service Margin*

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Company will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future
- Recognising in profit or loss the amount allocated to coverage units provided in the period

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of insurance contracts, the quantity of benefits is the contractually agreed sum insured over the period of the contracts. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For insurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum probable loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the CSM amortisation is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

NOTES TO FINANCIAL STATEMENTS

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4. INSURANCE REVENUE

The table below presents an analysis of the total insurance revenue recognized in the year:

	Notes	Reinsurance contracts issued	
		2025 HK\$	2024 HK\$
<b>Amounts relating to the changes in the liability for remaining coverage</b>			
Expected insurance service expenses incurred during the period	(i)	38,310,691	44,287,680
Release of risk adjustment for non financial risk	(ii)	5,182,991	5,581,981
Amount of CSM recognised in profit or loss for current service	(iii)	17,492,189	15,084,374
Other amounts including experience Adjustment for premium receipts		(10,933,357)	(5,069,057)
<b>Amounts relating to the recovery of insurance acquisition cash flows</b>			
Allocation of the portion of premiums that relate to the recovery of insurance acquisition cash flows	(iv)	7,295,498	7,161,662
<b>Insurance revenue</b>		<b>57,348,012</b>	<b>67,046,640</b>

Notes:

- (i) Expected insurance service expenses incurred in the period comprise claims and other expenses which the Company expects to pay on insured events that occurred during the period.
- (ii) Change in risk adjustment shows amount of risk which expired during the period.
- (iii) The CSM is recognized in profit or loss over the coverage period of the corresponding group of contracts based on coverage units.
- (iv) Such adjustments exclude those that relate to future service which adjust the CSM.

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NOTES TO FINANCIAL STATEMENTS

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5. NET INSURANCE FINANCIAL RESULT

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

	2025 HK\$	2024 HK\$
<b>Net investment income</b>		
Dividend income from listed equity investments	18,927,365	14,916,436
Dividend income from unlisted equity investment	3,677,596	1,300,237
Bank interest income	8,468,179	12,695,785
Net gains on financial assets at fair value through profit or loss	171,326,130	97,688,643
Investment expenses	(421,195)	(479,319)
Net foreign exchange income/(expense)	2,008,005	(3,018,716)
<b>Total net investment income</b>	<u>203,986,080</u>	<u>123,103,066</u>
<b>Net insurance finance (expenses)/income from insurance contracts issued</b>		
Interest accreted to insurance contracts using current financial assumptions	(4,168,815)	(1,720,996)
Interest accreted to insurance contracts using locked-in rate	27,938	(11,830)
Due to changes in interest rates and other financial assumptions	(2,397,283)	(568,589)
Net foreign exchange (expense)/income	(4,816,983)	7,071,638
<b>Total net insurance finance (expenses)/income from insurance contracts issued</b>	<u>(11,355,143)</u>	<u>4,770,223</u>
<b>Net reinsurance finance income from reinsurance contracts held</b>		
Interest accreted to insurance contracts using current financial assumptions	168,129	69,904
Net foreign exchange expense	111,056	40,008
<b>Total net reinsurance finance income from reinsurance contracts held</b>	<u>279,185</u>	<u>109,912</u>

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6. PROFIT BEFORE TAX

The Company's profit before tax is arrived at after charging:

	2025 HK\$	2024 HK\$
Staff costs (excluding directors' remuneration (Note 8)):		
Wages and salaries, net	5,288,250	4,806,973
Pension scheme contributions	440,700	361,395
	<u>5,728,950</u>	<u>5,168,368</u>
Auditor's remuneration	858,000	967,000
Depreciation on property, plant and equipment (Note 10)	491,204	431,655
Depreciation on right-of-use assets (Note 10)	826,646	868,878
Interest expense on lease liabilities (Note 16)	<u>43,815</u>	<u>37,158</u>

7. INCOME TAX EXPENSE

Hong Kong Profits Tax had been provided at the rate of 8.25% on the Company's estimated assessable profits arising in Hong Kong (2024: Nil).

	2025 HK\$	2024 HK\$
Current tax	-	4,298,940
Deferred tax	10,762,949	7,652,510
(Over)/Under Provision in prior years	<u>(3,282,840)</u>	<u>-</u>
Tax expense for the year	<u>7,480,109</u>	<u>11,951,450</u>

A reconciliation of the tax credit applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	2025 HK\$	2024 HK\$
Profit before tax	<u>183,547,708</u>	<u>143,100,074</u>
Tax at the statutory tax rate of 8.25% (2024: 8.25%)	15,142,686	11,805,756
Income not subject to tax	(2,563,534)	(2,385,278)
Expenses not deductible for tax	-	249,057
One off tax adjustment in adoption of HKRBC	-	3,362,690
Temporary difference not recognised in prior year	(1,816,203)	(1,080,775)
(Over)/Under Provision in prior years	<u>(3,282,840)</u>	<u>-</u>
Tax expense at the effective rate of 4.08%(2024:8.35%)	<u>7,480,109</u>	<u>11,951,450</u>

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8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 HK\$	2024 HK\$
Director fees	<u>13,480,000</u>	<u>1,270,819</u>

The 3 highest-paid directors' remuneration, disclosed is HK\$10,280,000 for the year ended 31 December 2025 (2024: HK\$560,000).

9. DIVIDEND

	2025 HK\$	2024 HK\$
Dividends approved and paid during the year		
Final dividend in respect of 2024 of HK\$0.12		
(Final dividend in respect of 2023 of HK\$0.02)		
per ordinary share	<u>60,000,000</u>	<u>10,000,000</u>

The proposed final dividend in respect of 2025 of HK\$0.14 per share amounting to HK\$70,000,000 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting and subject to the approval of the Insurance Authority.

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10. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets				Owned assets						
	Building HK\$	Motor vehicle HK\$	Leasehold improvements HK\$	Computer HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Sub-Total HK\$	Total HK\$			
<b>31 December 2025</b>											
At 1 January 2025	1,653,292	100,000	188,956	3,381,055	15,439	1,104	3,686,554	5,339,846			
Cost or valuation	(344,436)	(100,000)	(188,956)	(2,871,986)	(15,439)	(1,104)	(3,177,485)	(3,521,921)			
Accumulated depreciation											
Net carrying amount	<u>1,308,856</u>	<u>-</u>	<u>-</u>	<u>509,069</u>	<u>-</u>	<u>-</u>	<u>509,069</u>	<u>1,817,925</u>			
At 1 January 2025, net of accumulated depreciation	1,308,856	-	-	509,069	-	-	509,069	1,817,925			
Additions	-	-	-	437,405	-	-	437,405	437,405			
Depreciation provided during the year	(826,646)	-	-	(491,204)	-	-	(491,204)	(1,317,850)			
At 31 December 2025, net of accumulated depreciation	<u>482,210</u>	<u>-</u>	<u>-</u>	<u>455,270</u>	<u>-</u>	<u>-</u>	<u>455,270</u>	<u>937,480</u>			
At 31 December 2025											
Cost or valuation	1,653,292	100,000	188,956	3,818,460	15,439	1,104	4,123,959	5,777,251			
Accumulated depreciation	(1,171,082)	(100,000)	(188,956)	(3,363,190)	(15,439)	(1,104)	(3,668,689)	(4,839,771)			
Net carrying amount	<u>482,210</u>	<u>-</u>	<u>-</u>	<u>455,270</u>	<u>-</u>	<u>-</u>	<u>455,270</u>	<u>937,480</u>			

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31 December 2025

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Right-of-use assets			Owned assets					Total HK\$
	Building HK\$	Motor vehicle HK\$	Leasehold improvements HK\$	Computer HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Sub-Total HK\$		
<b>31 December 2024</b>									
At 1 January 2024	2,697,131	100,000	188,956	3,017,275	15,439	1,104	3,322,774	6,019,905	
Cost or valuation	(2,172,689)	(100,000)	(188,956)	(2,528,111)	(15,439)	(1,104)	(2,833,610)	(5,006,299)	
Accumulated depreciation									
Net carrying amount	<u>524,442</u>	<u>-</u>	<u>-</u>	<u>489,164</u>	<u>-</u>	<u>-</u>	<u>489,164</u>	<u>1,013,606</u>	
At 1 January 2024, net of accumulated depreciation	524,442	-	-	489,164	-	-	489,164	1,013,606	
Additions	1,653,292	-	-	451,560	-	-	451,560	2,104,852	
Depreciation provided during the year	(868,878)	-	-	(431,655)	-	-	(431,655)	(1,300,533)	
At 31 December 2024, net of accumulated depreciation	<u>1,308,856</u>	<u>-</u>	<u>-</u>	<u>509,069</u>	<u>-</u>	<u>-</u>	<u>509,069</u>	<u>1,817,925</u>	
At 31 December 2024									
Cost or valuation	1,653,292	100,000	188,956	3,381,055	15,439	1,104	3,686,554	5,339,846	
Accumulated depreciation	(344,436)	(100,000)	(188,956)	(2,871,986)	(15,439)	(1,104)	(3,177,485)	(3,521,921)	
Net carrying amount	<u>1,308,856</u>	<u>-</u>	<u>-</u>	<u>509,069</u>	<u>-</u>	<u>-</u>	<u>509,069</u>	<u>1,817,925</u>	

Note:

The Company leases an office for its operations. The lease is negotiated for a term of 3 years with no extension or termination options and all the lease payments are fixed.

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11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$	2024 HK\$
Listed securities in Hong Kong, at fair value	446,366,269	330,667,991
Unlisted fund investments in Hong Kong, at fair value	199,838,857	180,518,502
Unlisted equity investments in Hong Kong, at fair value	115,120,000	84,820,000
	<u>761,325,126</u>	<u>596,006,493</u>
Current	646,205,126	511,186,493
Non-current	115,120,000	84,820,000
	<u>761,325,126</u>	<u>596,006,493</u>

As at 31 December 2025, listed securities in Hong Kong of HK\$446,366,269 (2024: HK\$330,667,991) were classified as current financial assets at fair value through profit or loss as they are held for trading.

As at 31 December 2025, unlisted fund investments in Hong Kong of HK\$199,838,857 (2024: HK\$180,518,502) were mutual funds held by the Company and they were classified as current financial assets at fair value through profit or loss as their contractual cash flow are not solely payments of principal interest.

As at 31 December 2025, the unlisted financial assets in Hong Kong of HK\$115,120,000 (2024: HK\$84,820,000) were classified as non-current financial assets at fair value through profit or loss as the Company considers these investments to be strategic in nature.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$	2024 HK\$
Prepayments, deposits and other receivables	<u>5,491,790</u>	<u>3,794,635</u>

The carrying amounts of deposits and other receivables approximate to their fair values. Other receivables are neither past due nor impaired.

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13. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

	2025 HK\$	2024 HK\$
Cash and bank balances	20,042,700	15,634,782
Time deposits	271,112,704	304,273,099
	<u>291,155,404</u>	<u>319,907,881</u>
Less: Time deposits with original maturity over three months	(255,335,704)	(286,654,694)
Cash and cash equivalents	<u>35,819,700</u>	<u>33,253,187</u>
Denominated in:		
HKD	173,074,652	218,343,586
EUR	8,814,862	7,618,404
JPY	6,568,305	6,553,456
USD	87,422,999	58,235,035
CNY	15,274,586	29,157,400
	<u>291,155,404</u>	<u>319,907,881</u>

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short term time deposit rates. The bank balances and deposits are deposited with banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

14. INSURANCE AND REINSURANCE CONTRACTS

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

	2025			2024		
	Assets HK\$	Liabilities HK\$	Net HK\$	Assets HK\$	Liabilities HK\$	Net HK\$
Insurance contracts issued	<u>7,006,030</u>	<u>(236,663,827)</u>	<u>(229,657,797)</u>	<u>7,715,870</u>	<u>(226,386,855)</u>	<u>(218,670,985)</u>
Reinsurance contracts held	<u>6,015,204</u>	<u>(1,551,647)</u>	<u>4,463,557</u>	<u>8,139,472</u>	<u>-</u>	<u>8,139,472</u>

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14. INSURANCE AND REINSURANCE CONTRACTS (continued)

(i) Analysis by remaining coverage and incurred claims of insurance contracts

An analysis of movements in insurance contract balances by remaining coverage and incurred claims is set out below:

	2025			
	Liabilities for remaining coverage			Total HK\$
	Excluding loss component	Loss component	Liabilities for incurred claims	
	HK\$	HK\$	HK\$	
Opening assets at 1 January	16,734,670	(605,929)	(8,412,871)	
Opening liabilities at 1 January	(7,775,500)	(12,064,561)	(206,546,794)	(226,386,855)
<b>Net opening balance</b>	<b>8,959,170</b>	<b>(12,670,490)</b>	<b>(214,959,665)</b>	<b>(218,670,985)</b>
Insurance revenue				
- Contracts under modified retrospective approach	800,173	-	-	800,173
- Other contracts	56,547,839	-	-	56,547,839
Insurance revenue	57,348,012	-	-	57,348,012
Insurance service expenses:				
- Incurred claims and other expenses	-	12,964,572	(61,969,060)	(49,004,488)
- Amortisation of insurance acquisition cash flows	(7,295,498)	-	-	(7,295,498)
- Losses on onerous contracts and reversals of those losses	-	(10,243,925)	-	(10,243,925)
- Changes to liabilities for incurred claims	-	-	20,458,021	20,458,021
Insurance service expenses	(7,295,498)	2,720,647	(41,511,039)	(46,085,890)
<b>Insurance service result</b>	<b>50,052,514</b>	<b>2,720,647</b>	<b>(41,511,039)</b>	<b>11,262,122</b>
Insurance finance income/(expenses)	(1,208,111)	(228,057)	(5,101,992)	(6,538,160)
Effect of movements in exchange rates	254,540	(75,170)	(4,996,353)	(4,816,983)
<b>Total changes in the statement of profit or loss</b>	<b>49,098,943</b>	<b>2,417,420</b>	<b>(51,609,384)</b>	<b>(93,021)</b>
<b>Cash flows</b>				
- Premiums received	(60,733,711)	-	-	(60,733,711)
- Insurance acquisition cash flows	6,673,524	-	-	6,673,524
- Claims and other expenses paid	-	-	43,166,396	43,166,396
<b>Total cash flows</b>	<b>(54,060,187)</b>	<b>-</b>	<b>43,166,396</b>	<b>(10,893,791)</b>
Investment components	10,350,175	-	(10,350,175)	-
<b>Net closing balance</b>	<b>14,348,101</b>	<b>(10,253,070)</b>	<b>(233,752,828)</b>	<b>(229,657,797)</b>
Closing assets at 31 December	13,156,701	(571,827)	(5,578,844)	7,006,030
Closing liabilities at 31 December	1,191,400	(9,681,243)	(228,173,984)	(236,663,827)
<b>Net closing balance</b>	<b>14,348,101</b>	<b>(10,253,070)</b>	<b>(233,752,828)</b>	<b>(229,657,797)</b>

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14. INSURANCE AND REINSURANCE CONTRACTS (continued)

(i) Analysis by remaining coverage and incurred claims of insurance contracts (continued)

	2024			
	Liabilities for remaining coverage			Total HK\$
	Excluding loss component HK\$	Loss component HK\$	Liabilities for incurred claims HK\$	
Opening assets at 1 January	16,695,130	(1,240,750)	(587,670)	14,866,710
Opening liabilities at 1 January	3,766,305	(13,921,069)	(229,074,647)	(239,229,411)
<b>Net opening balance</b>	<b>20,461,435</b>	<b>(15,161,819)</b>	<b>(229,662,317)</b>	<b>(224,362,701)</b>
Insurance revenue				
- Contracts under modified retrospective approach	585,312	-	-	585,312
- Other contracts	66,461,328	-	-	66,461,328
Insurance revenue	67,046,640	-	-	67,046,640
Insurance service expenses:				
- Incurred claims and other expenses	-	20,445,399	(80,361,168)	(59,915,769)
- Amortisation of insurance acquisition cash flows	(7,161,662)	-	-	(7,161,662)
- Losses on onerous contracts and reversals of those losses	-	(18,457,708)	-	(18,457,708)
- Changes to liabilities for incurred claims	-	-	42,412,653	42,412,653
Insurance service expenses	(7,161,662)	1,987,691	(37,948,515)	(43,122,486)
<b>Insurance service result</b>	<b>59,884,978</b>	<b>1,987,691</b>	<b>(37,948,515)</b>	<b>23,924,154</b>
Insurance finance income/(expenses)	321,600	(212,037)	(2,410,978)	(2,301,415)
Effect of movements in exchange rates	(1,703,149)	715,675	8,059,112	7,071,638
<b>Total changes in the statement of profit or loss</b>	<b>58,503,429</b>	<b>2,491,329</b>	<b>(32,300,381)</b>	<b>28,694,377</b>
Cash flows				
- Premiums received	(87,298,367)	-	-	(87,298,367)
- Insurance acquisition cash flows	7,442,726	-	-	7,442,726
- Claims and other expenses paid	-	-	56,852,980	56,852,980
<b>Total cash flows</b>	<b>(79,855,641)</b>	<b>-</b>	<b>56,852,980</b>	<b>(23,002,661)</b>
Investment components	9,849,947	-	(9,849,947)	-
<b>Net closing balance</b>	<b>8,959,170</b>	<b>(12,670,490)</b>	<b>(214,959,665)</b>	<b>(218,670,985)</b>
Closing assets at 31 December	16,734,670	(605,929)	(8,412,871)	7,715,870
Closing liabilities at 31 December	(7,775,500)	(12,064,561)	(206,546,794)	(226,386,855)
<b>Net closing balance</b>	<b>8,959,170</b>	<b>(12,670,490)</b>	<b>(214,959,665)</b>	<b>(218,670,985)</b>

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14. INSURANCE AND REINSURANCE CONTRACTS (continued)

(ii) Analysis by remaining coverage and incurred claims of reinsurance contracts held

An analysis of movements in reinsurance contract balances by remaining coverage and incurred claims is set out below:

	2025				Total HK\$
	Assets for remaining coverage		Amounts recoverable: incurred claims HK\$		
	Excluding loss- recovery component HK\$	Loss-recovery component HK\$			
Opening assets at 1 January	(311,242)	-	8,450,714	8,139,472	
Opening liabilities at 1 January	-	-	-	-	
<b>Net opening balance</b>	<b>(311,242)</b>	<b>-</b>	<b>8,450,714</b>	<b>8,139,472</b>	
Allocation of reinsurance premiums:	(1,920,727)	-	-	(1,920,727)	
Changes in amounts recoverable arising from claims and other expenses incurred	-	-	1,594,829	1,594,829	
Changes in amount recoverable arising from changes in liability for incurred claims	-	-	(5,874,348)	(5,874,348)	
<b>Net expenses from reinsurance contracts held</b>	<b>(1,920,727)</b>	<b>-</b>	<b>(4,279,519)</b>	<b>(6,200,246)</b>	
Reinsurance finance income	6,502	-	245,171	251,673	
Effect of changes in non- performance risk of reinsurers	7,972	-	19,540	27,512	
<b>Total changes in the statement of profit or loss</b>	<b>(1,906,253)</b>	<b>-</b>	<b>(4,014,808)</b>	<b>(5,921,061)</b>	
<b>Cash flows</b>					
- Premiums received	2,611,919	-	-	2,611,919	
- Amounts recovered	-	-	(366,773)	(366,773)	
<b>Total cash flows</b>	<b>2,611,919</b>	<b>-</b>	<b>(366,773)</b>	<b>2,245,146</b>	
Investment components	(452,789)	-	452,789	-	
<b>Net closing balance</b>	<b>(58,365)</b>	<b>-</b>	<b>4,521,922</b>	<b>4,463,557</b>	
Closing assets at 31 December	(58,365)	-	6,073,569	6,015,204	
Closing liabilities at 31 December	-	-	(1,551,647)	(1,551,647)	
<b>Net closing balance</b>	<b>(58,365)</b>	<b>-</b>	<b>4,521,922</b>	<b>4,463,557</b>	

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14. INSURANCE AND REINSURANCE CONTRACTS (continued)

(ii) Analysis by remaining coverage and incurred claims of reinsurance contracts held (continued)

	2024			
	Assets for remaining coverage		Amounts recoverable: incurred claims HK\$	Total HK\$
	Excluding loss- recovery component HK\$	Loss-recovery component HK\$		
Opening assets at 1 January	(225,304)	-	12,501,338	12,276,034
Opening liabilities at 1 January	-	-	-	-
<b>Net opening balance</b>	<b>(225,304)</b>	<b>-</b>	<b>12,501,338</b>	<b>12,276,034</b>
Allocation of reinsurance premiums:	(3,009,062)	-	-	(3,009,062)
Changes in amounts recoverable arising from claims and other expenses incurred	-	-	2,936,855	2,936,855
Changes in amount recoverable arising from changes in liability for incurred claims	-	-	(5,974,131)	(5,974,131)
<b>Net expenses from reinsurance contracts held</b>	<b>(3,009,062)</b>	<b>-</b>	<b>(3,037,276)</b>	<b>(6,046,338)</b>
Reinsurance finance (expense)/ income	(35,392)	-	115,729	80,337
Effect of changes in non- performance risk of reinsurers	7,642	-	21,932	29,574
<b>Total changes in the statement of profit or loss</b>	<b>(3,036,812)</b>	<b>-</b>	<b>(2,899,615)</b>	<b>(5,936,427)</b>
<b>Cash flows</b>				
- Premiums received	2,950,874	-	-	2,950,874
- Amounts recovered	-	-	(1,151,009)	(1,151,009)
<b>Total cash flows</b>	<b>2,950,874</b>	<b>-</b>	<b>(1,151,009)</b>	<b>1,799,865</b>
<b>Net closing balance</b>	<b>(311,242)</b>	<b>-</b>	<b>8,450,714</b>	<b>8,139,472</b>
Closing assets at 31 December	(311,242)	-	8,450,714	8,139,472
Closing liabilities at 31 December	-	-	-	-
<b>Net closing balance</b>	<b>(311,242)</b>	<b>-</b>	<b>8,450,714</b>	<b>8,139,472</b>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

14. INSURANCE AND REINSURANCE CONTRACTS (continued)

(iii) Analysis by estimates of the present value of future cash flows, risk adjustment, contractual service margin and assets for insurance acquisition cash flow of insurance contracts

An analysis of movements in insurance contract balances by the present value of future cash flows, risk adjustment, contractual service margin and assets for insurance acquisition cash flow is set out below:

	2025			Total HK\$
	Estimates of the present value of future cash flows HK\$	Risk adjustment HK\$	Contractual service margin HK\$	
Opening assets at 1 January	9,995,855	(1,297,681)	(982,304)	7,715,870
Opening liabilities at 1 January	(196,339,409)	(21,188,359)	(8,859,087)	(226,386,855)
<b>Net opening balance</b>	<b>(186,343,554)</b>	<b>(22,486,040)</b>	<b>(9,841,391)</b>	<b>(218,670,985)</b>
Changes that relate to current services				
- Contractual service margin recognised for services provided	-	-	5,833,463	5,833,463
- Risk adjustment recognised for the risk expired	-	5,182,991	-	5,182,991
- Experience adjustments	(10,631,095)	-	-	(10,631,095)
Changes that relate to future services				
- Contracts initially recognised in the period	12,649,284	(6,332,983)	(16,983,263)	(10,666,962)
- Changes in estimates that adjust the contractual service margin	(11,921,690)	158,413	11,763,277	-
- Changes in estimates that do not adjust the contractual service margin	(223,229)	1,308,933	-	1,085,704
Changes that relate to past services				
- Adjustments to liabilities for incurred claims	20,343,304	114,717	-	20,458,021
<b>Insurance service result</b>	<b>10,216,574</b>	<b>432,071</b>	<b>613,477</b>	<b>11,262,122</b>
Insurance finance expenses	(5,716,631)	(706,549)	(114,980)	(6,538,160)
Effect of movements in exchange rates	(4,213,700)	(596,375)	(6,908)	(4,816,983)
<b>Total changes in the statement of profit or loss</b>	<b>286,243</b>	<b>(870,853)</b>	<b>491,589</b>	<b>(93,021)</b>
<b>Cash flow</b>				
- Premiums received	(60,733,711)	-	-	(60,733,711)
- Insurance acquisition cash flows	6,673,524	-	-	6,673,524
- Claims and other expenses paid (including investment component)	43,166,396	-	-	43,166,396
<b>Total cash flows</b>	<b>(10,893,791)</b>	<b>-</b>	<b>-</b>	<b>(10,893,791)</b>
<b>Net closing balance</b>	<b>(196,951,102)</b>	<b>(23,356,893)</b>	<b>(9,349,802)</b>	<b>(229,657,797)</b>
Closing assets at 31 December	8,783,905	(1,150,139)	(627,736)	7,006,030
Closing liabilities at 31 December	(205,735,007)	(22,206,754)	(8,722,066)	(236,663,827)
<b>Net closing balance</b>	<b>(196,951,102)</b>	<b>(23,356,893)</b>	<b>(9,349,802)</b>	<b>(229,657,797)</b>

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14. INSURANCE AND REINSURANCE CONTRACTS (continued)

(iii) Analysis by estimates of the present value of future cash flows, risk adjustment, contractual service margin and assets for insurance acquisition cash flow of insurance contracts (continued)

	2024			Total HK\$
	Estimates of the present value of future cash flows HK\$	Risk adjustment HK\$	Contractual service margin HK\$	
Opening assets at 1 January	17,512,570	(1,408,980)	(1,236,880)	14,866,710
Opening liabilities at 1 January	(206,492,328)	(22,592,193)	(10,144,890)	(239,229,411)
<b>Net opening balance</b>	<b>(188,979,758)</b>	<b>(24,001,173)</b>	<b>(11,381,770)</b>	<b>(224,362,701)</b>
Changes that relate to current services				
- Contractual service margin recognised for services provided	-	-	15,084,374	15,084,374
- Risk adjustment recognised for the risk expired	-	5,581,981	-	5,581,981
- Experience adjustments	(7,574,847)	-	-	(7,574,847)
Changes that relate to future services				
- Contracts initially recognised in the period	12,674,175	(5,878,118)	(14,966,394)	(8,170,337)
- Changes in estimates that adjust the contractual service margin	(7,203,980)	(83,079)	7,287,059	-
- Changes in estimates that do not adjust the contractual service margin	(11,092,093)	1,050,878	(5,682,665)	(15,723,880)
Changes that relate to past services				
- Adjustments to liabilities for incurred claims	34,184,878	541,985	-	34,726,863
<b>Insurance service result</b>	<b>20,988,133</b>	<b>1,213,647</b>	<b>1,722,374</b>	<b>23,924,154</b>
Insurance finance expenses	(1,778,217)	(360,510)	(162,688)	(2,301,415)
Effect of movements in exchange rates	6,428,949	661,996	(19,307)	7,071,638
<b>Total changes in the statement of profit or loss</b>	<b>25,638,865</b>	<b>1,515,133</b>	<b>1,540,379</b>	<b>28,694,377</b>
<b>Cash flow</b>				
- Premiums received	(87,298,367)	-	-	(87,298,367)
- Insurance acquisition cash flows	7,442,726	-	-	7,442,726
- Claims and other expenses paid (including investment component)	56,852,980	-	-	56,852,980
<b>Total cash flows</b>	<b>(23,002,661)</b>	<b>-</b>	<b>-</b>	<b>(23,002,661)</b>
<b>Net closing balance</b>	<b>(186,343,554)</b>	<b>(22,486,040)</b>	<b>(9,841,391)</b>	<b>(218,670,985)</b>
Closing assets at 31 December	9,995,855	(1,297,681)	(982,304)	7,715,870
Closing liabilities at 31 December	(196,339,409)	(21,188,359)	(8,859,087)	(226,386,855)
<b>Net closing balance</b>	<b>(186,343,554)</b>	<b>(22,486,040)</b>	<b>(9,841,391)</b>	<b>(218,670,985)</b>

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14. INSURANCE AND REINSURANCE CONTRACTS (continued)

- (iv) Analysis by estimates of the present value of future cash flows, risk adjustment, contractual service margin and assets for insurance acquisition cash flow of reinsurance contracts held

An analysis of movements in reinsurance contract balances by the present value of future cash flows, risk adjustment, contractual service margin and assets for insurance acquisition cash flow is set out below:

	2025			
	Estimates of the present value of future cash flows HK\$	Risk adjustment HK\$	Contractual service margin HK\$	Total HK\$
Opening assets at 1 January	7,314,924	824,548	-	8,139,472
Opening liabilities at 1 January	-	-	-	-
<b>Net opening balance</b>	<b>7,314,924</b>	<b>824,548</b>	<b>-</b>	<b>8,139,472</b>
Changes that relate to current services				
- Contractual service margin recognised for services received	-	-	(63,133)	(63,133)
- Changes in risk adjustment for non-financial risk for risk expired	-	(274,941)	-	(274,941)
- Experience adjustments	12,176	-	-	12,176
Changes that relate to future services				
- Contracts initially recognised in the period	(265,885)	277,926	(12,041)	-
- Changes in estimates that adjust the contractual service margin	(66,836)	(11,047)	77,883	-
Changes that relate to past services				
- Changes in amounts recoverable arising from changes in liability for incurred claims	(5,630,190)	(244,158)	-	(5,874,348)
<b>Net expenses from reinsurance contracts held</b>	<b>(5,950,735)</b>	<b>(252,220)</b>	<b>2,709</b>	<b>(6,200,246)</b>
Reinsurance finance income	221,965	32,417	(2,709)	251,673
Effect of changes in non-performance risk of reinsurers	25,913	1,599	-	27,512
<b>Total changes in the statement of profit or loss</b>	<b>(5,702,857)</b>	<b>(218,204)</b>	<b>-</b>	<b>(5,921,061)</b>
<b>Cash flow</b>				
- Premiums received	2,611,919	-	-	2,611,919
- Amounts recovered	(366,773)	-	-	(366,773)
<b>Total cash flows</b>	<b>2,245,146</b>	<b>-</b>	<b>-</b>	<b>2,245,146</b>
<b>Net closing balance</b>	<b>3,857,213</b>	<b>606,344</b>	<b>-</b>	<b>4,463,557</b>
Closing assets at 31 December	5,408,860	606,344	-	6,015,204
Closing liabilities at 31 December	(1,551,647)	-	-	(1,551,647)
<b>Net closing balance</b>	<b>3,857,213</b>	<b>606,344</b>	<b>-</b>	<b>4,463,557</b>

NOTES TO FINANCIAL STATEMENTS

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14. INSURANCE AND REINSURANCE CONTRACTS (continued)

- (iv) Analysis by estimates of the present value of future cash flows, risk adjustment, contractual service margin and assets for insurance acquisition cash flow of reinsurance contracts held (continued)

	2024			Total HK\$
	Estimates of the present value of future cash flows HK\$	Risk adjustment HK\$	Contractual service margin HK\$	
Opening assets at 1 January	11,320,067	955,967	-	12,276,034
Opening liabilities at 1 January	-	-	-	-
<b>Net opening balance</b>	<b>11,320,067</b>	<b>955,967</b>	<b>-</b>	<b>12,276,034</b>
Changes that relate to current services				
- Contractual service margin recognised for services received	-	-	(90,808)	(90,808)
- Changes in risk adjustment for non-financial risk for risk expired	-	(291,741)	-	(291,741)
- Experience adjustments	18,601	-	-	18,601
Changes that relate to future services				
- Contracts initially recognised in the period	(484,083)	275,300	208,783	-
- Changes in estimates that adjust the contractual service margin	108,817	11,697	(120,514)	-
Changes that relate to past services				
- Changes in amounts recoverable arising from changes in liability for incurred claims	(5,542,094)	(140,296)	-	(5,682,390)
<b>Net expenses from reinsurance contracts held</b>	<b>(5,898,759)</b>	<b>(145,040)</b>	<b>(2,539)</b>	<b>(6,046,338)</b>
Reinsurance finance income	65,934	11,864	2,539	80,337
Effect of changes in non-performance risk of reinsurers	27,817	1,757	-	29,574
<b>Total changes in the statement of profit or loss</b>	<b>(5,805,008)</b>	<b>(131,419)</b>	<b>-</b>	<b>(5,936,427)</b>
<b>Cash flow</b>				
- Premiums received	2,950,874	-	-	2,950,874
- Amounts recovered	(1,151,009)	-	-	(1,151,009)
<b>Total cash flows</b>	<b>1,799,865</b>	<b>-</b>	<b>-</b>	<b>1,799,865</b>
<b>Net closing balance</b>	<b>7,314,924</b>	<b>824,548</b>	<b>-</b>	<b>8,139,472</b>
Closing assets at 31 December	7,314,924	824,548	-	8,139,472
Closing liabilities at 31 December	-	-	-	-
<b>Net closing balance</b>	<b>7,314,924</b>	<b>824,548</b>	<b>-</b>	<b>8,139,472</b>

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14. INSURANCE AND REINSURANCE CONTRACTS (continued)

- (v) Analysis by impacts on the current period of transition approaches adopted to establishing CSMs of insurance contracts issued

An analysis of the movements in insurance contracts by the impact on the current period of the transition approaches adopted to establishing CSMs is disclosed in the table below:

	2025		
	Contracts using the modified retrospective approach HK\$	All other contracts HK\$	Total HK\$
<b>Contractual Service Margin at 1 January</b>	<b>(2,772,395)</b>	<b>(7,068,996)</b>	<b>(9,841,391)</b>
Changes that relate to current services			
- Contractual service margin recognised for services provided	1,262,396	4,571,067	5,833,463
Changes that relate to future services			
- Contracts initially recognised in the period	-	(16,983,263)	(16,983,263)
- Changes in estimates that adjust the contractual service margin	45,740	11,717,537	11,763,277
- Changes in estimates that do not adjust the contractual service margin			
<b>Insurance service result</b>	<b>1,308,136</b>	<b>(694,659)</b>	<b>613,477</b>
Insurance finance expenses	(4,535)	(110,445)	(114,980)
Effect of movements in exchange rates	-	(6,908)	(6,908)
<b>Total changes in the statement of profit or loss</b>	<b>1,303,601</b>	<b>(812,012)</b>	<b>491,589</b>
<b>Contractual Service Margin at 31 December</b>	<b>(1,468,794)</b>	<b>(7,881,008)</b>	<b>(9,349,802)</b>
	2024		
	Contracts using the modified retrospective approach HK\$	All other contracts HK\$	Total HK\$
<b>Contractual Service Margin at 1 January</b>	<b>(4,552,902)</b>	<b>(6,828,868)</b>	<b>(11,381,770)</b>
Changes that relate to current services			
- Contractual service margin recognised for services provided	1,822,124	13,262,250	15,084,374
Changes that relate to future services			
- Contracts initially recognised in the period	-	(14,966,394)	(14,966,394)
- Changes in estimates that adjust the contractual service margin	(38,546)	7,325,605	7,287,059
- Changes in estimates that do not adjust the contractual service margin	-	(5,682,665)	(5,682,665)
<b>Insurance service result</b>	<b>1,783,578</b>	<b>(61,204)</b>	<b>1,722,374</b>
Insurance finance expenses	(3,071)	(159,617)	(162,688)
Effect of movements in exchange rates	-	(19,307)	(19,307)
<b>Total changes in the statement of profit or loss</b>	<b>1,780,507</b>	<b>(240,128)</b>	<b>1,540,379</b>
<b>Contractual Service Margin at 31 December</b>	<b>(2,772,395)</b>	<b>(7,068,996)</b>	<b>(9,841,391)</b>

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14. INSURANCE AND REINSURANCE CONTRACTS (continued)

(vi) Analysis by impacts on the current period of transition approaches adopted to establishing CSMs of reinsurance contracts held

An analysis of the movements in reinsurance contracts by the impact on the current period of the transition approaches adopted to establishing CSMs is disclosed in the table below:

	2025		
	Contracts using the modified retrospective approach HK\$	All other contracts HK\$	Total HK\$
<b>Contractual Service Margin at 1 January</b>	-	-	-
Changes that relate to current services			
- Contractual service margin recognised for services provided	-	(63,133)	(63,133)
Changes that relate to future services			
- Contracts initially recognised in the period	-	(12,041)	(12,041)
- Changes in estimates that adjust the contractual service margin	-	77,883	77,883
<b>Net expenses from reinsurance contracts held</b>	<b>-</b>	<b>2,709</b>	<b>2,709</b>
Reinsurance finance income	-	(2,709)	(2,709)
<b>Total changes in the statement of profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contractual Service Margin at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>
	2024		
	Contracts using the modified retrospective approach HK\$	All other contracts HK\$	Total HK\$
<b>Contractual Service Margin at 1 January</b>	-	-	-
Changes that relate to current services			
- Contractual service margin recognised for services provided	-	(90,808)	(90,808)
Changes that relate to future services			
- Contracts initially recognised in the period	-	208,783	208,783
- Changes in estimates that adjust the contractual service margin	-	(120,514)	(120,514)
<b>Net expenses from reinsurance contracts held</b>	<b>-</b>	<b>(2,539)</b>	<b>(2,539)</b>
Reinsurance finance income	-	2,539	2,539
<b>Total changes in the statement of profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contractual Service Margin at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>

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14. INSURANCE AND REINSURANCE CONTRACTS (continued)

(vii) The component of new business of insurance contracts

The component of new business for insurance contracts issued in the table below:

	2025		Total HK\$
	Non-onerous HK\$	Contracts issued Onerous HK\$	
<b>Insurance contract liabilities</b>			
Estimates of present value of future cash outflows, excluding insurance acquisition cash flows	(28,005,112)	(31,377,648)	(59,382,760)
Estimate of insurance acquisition cash flows	(5,276,001)	(2,620,799)	(7,896,800)
Estimates of present value of future cash outflows	(33,281,113)	(33,998,447)	(67,279,560)
Estimate of present value of future cash inflows	52,860,530	27,068,314	79,928,844
Risk adjustment	(2,596,154)	(3,736,829)	(6,332,983)
CSM	(16,983,263)	-	(16,983,263)
<b>Losses on onerous contracts at initial recognition</b>	<b>-</b>	<b>(10,666,962)</b>	<b>(10,666,962)</b>
<b>2024</b>			
	Non-onerous HK\$	Contracts issued Onerous HK\$	Total HK\$
<b>Insurance contract liabilities</b>			
Estimates of present value of future cash outflows, excluding insurance acquisition cash flows	(28,706,895)	(26,560,409)	(55,267,304)
Estimate of insurance acquisition cash flows	(5,211,482)	(2,347,240)	(7,558,722)
Estimates of present value of future cash outflows	(33,918,377)	(28,907,649)	(62,826,026)
Estimate of present value of future cash inflows	51,573,187	23,927,014	75,500,201
Risk adjustment	(2,688,416)	(3,189,702)	(5,878,118)
CSM	(14,966,394)	-	(14,966,394)
<b>Losses on onerous contracts at initial recognition</b>	<b>-</b>	<b>(8,170,337)</b>	<b>(8,170,337)</b>

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14. INSURANCE AND REINSURANCE CONTRACTS (continued)

(viii) The component of new business of reinsurance contracts

The component of new business for reinsurance contracts held is disclosed in the table below:

	2025		Total HK\$
	Contracts purchased		
	Without loss recovery component HK\$	With loss recovery component HK\$	
<b>Reinsurance contract liabilities</b>			
Estimates of present value of future cash inflows	1,795,248	-	1,795,248
Estimate of present value of future cash outflows	(2,061,133)	-	(2,061,133)
Risk adjustment	277,926	-	277,926
CSM	(12,041)	-	(12,041)
<b>Recovery of losses on onerous contracts at initial recognition</b>	-	-	-
	2024		Total HK\$
	Contracts purchased		
	Without loss recovery component HK\$	With loss recovery component HK\$	
<b>Reinsurance contract liabilities</b>			
Estimates of present value of future cash inflows	2,197,212	-	2,197,212
Estimate of present value of future cash outflows	(2,681,295)	-	(2,681,295)
Risk adjustment	275,300	-	275,300
CSM	208,783	-	208,783
<b>Losses on onerous contracts at initial recognition</b>	-	-	-

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14. INSURANCE AND REINSURANCE CONTRACTS (continued)

(ix) CSM recognition in profit or loss

The disclosure of when the CSM is expected to be in profit or loss in future years is presented below:

	2025						Total HK\$
	Less than 1 year HK\$	1-2 years HK\$	2-3 years HK\$	3-4 years HK\$	4-5 years HK\$	More than 5 years HK\$	
Insurance contracts issued	<u>(3,770,793)</u>	<u>(1,552,657)</u>	<u>(1,014,227)</u>	<u>(599,981)</u>	<u>(483,457)</u>	<u>(1,928,687)</u>	<u>(9,349,802)</u>
Reinsurance contracts held	-	-	-	-	-	-	-
	2024						Total HK\$
	Less than 1 year HK\$	1-2 years HK\$	2-3 years HK\$	3-4 years HK\$	4-5 years HK\$	More than 5 years HK\$	
Insurance contracts issued	<u>(4,250,994)</u>	<u>(2,069,354)</u>	<u>(1,163,206)</u>	<u>(787,159)</u>	<u>(433,672)</u>	<u>(1,137,006)</u>	<u>(9,841,391)</u>
Reinsurance contracts held	-	-	-	-	-	-	-

15. OTHER PAYABLES AND ACCRUALS

	2025 HK\$	2024 HK\$
Other payables and accruals	<u>3,595,322</u>	<u>3,599,931</u>

Other payables and accruals are expected to be settled within one year or are repayable on demand and their carrying amounts approximated their fair values.

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16. LEASE LIABILITIES

**Maturity profile of lease liabilities as at 31 December 2025 and 2024**

	2025 HK\$	2024 HK\$
Within one year	505,619	866,775
After one year but within five years	-	505,619
Lease liabilities (undiscounted)	<u>505,619</u>	<u>1,372,394</u>
Discount amount	<u>(6,251)</u>	<u>(50,066)</u>
Lease liabilities (discounted)	<u>499,368</u>	<u>1,322,328</u>
Current	<u>499,368</u>	<u>822,960</u>
Non-current	<u>-</u>	<u>499,368</u>

The weighted average incremental borrowing rate applied to the lease liabilities recognised at 31 December 2025 was 5% (2024: 5%).

**Movements of carrying amounts of lease liabilities for the years ended 31 December 2025 and 2024 and reconciliation of liabilities arising from financing activities**

	HK\$
At 1 January 2024	556,534
Additions	1,653,292
Interest expense on lease liabilities	37,158
Payments in the changes from financing cash flows	<u>(924,656)</u>
As at 31 December 2024 and 1 January 2025	1,322,328
Additions	-
Interest expense on lease liabilities	43,815
Payments in the changes from financing cash flows	<u>(866,775)</u>
As at 31 December 2025	<u>499,368</u>

**Amounts recognised in the statement of profit or loss for the years ended 31 December 2025 and 2024**

	2025 HK\$	2024 HK\$
Depreciation expense of right-of-use assets (Note 10)	826,646	868,878
Interest expense on lease liabilities	<u>43,815</u>	<u>37,158</u>
	<u>870,461</u>	<u>906,036</u>

The Company had total cash outflows for leases of HK\$866,775 for the year ended 31 December 2025 (2024: HK\$924,656).

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17. SHARE CAPITAL

	2025 HK\$	2024 HK\$
Issued and fully paid:		
500,000,000 (2024: 500,000,000) ordinary shares	<u>500,000,000</u>	<u>500,000,000</u>

18. CONTINGENCY RESERVE

Contingency reserve ("CR") represents a reserve established in accordance with Guideline 6 on Reserving for Mortgage Guarantee Business ("GL6") issued by the Hong Kong Insurance Authority. The Company is required to assign an amount equal to 50% or 75% of the net earned premium income from mortgage business in each year to the CR, and to maintain the contingency reserve for a period of seven years or ten years respectively.

In accordance with GL6, withdrawals may be made where the claims incurred in any year exceed 35% of the net earned premium income in that year, and any such withdrawals will only be made on a first-in-first-out basis.

At the end of the tenth year, the amount assigned to the CR in respect of a year may, to the extent it has not already been depleted by prior withdrawals, be released. Changes in CR are recognised directly in equity.

No withdrawal was made from the CR during the year ended 31 December 2025 (2024: Nil).

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19. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions disclosed elsewhere in these financial statements, the Company had the following transactions with related parties during the year:

	2025 HK\$	2024 HK\$
Statement of profit or loss		
Brokerage commission (Note (i))	4,741,462	4,885,573
Profit commission (Note (ii))	1,183,088	4,763,553
Management fees (Note (iii))	2,000,000	1,800,000
Gross premiums written (Note (iv))	<u>590,696</u>	<u>984,485</u>

Notes:

- (i) The brokerage commission expense of HK\$4,723,114, HK\$508 and HK\$17,840 were payable to AR Consultant, Asia Insurance Company Limited ("Asia Insurance") and BC Reinsurance Limited ("BC Re") respectively, in the normal course of business and on the same terms as provided to other retrocessionaires.
- (ii) Profit commission of HK\$1,183,088 was payable to AR Consultant, in the normal course of business and on the same terms as provided to other retrocessionaires.
- (iii) Management fee of HK\$2,000,000 was payable to AR Consultant for the administrative services and back office support provided by AR Consultant.
- (iv) Gross premiums of HK\$10,160 and HK\$580,536 were written from Asia Insurance and BC Re respectively, in the normal course of business.
- (b) Compensation of key management personnel of the Company:

Details of compensation of key management personnel, who are the directors of the Company, are included in Note 8 to the financial statements.

20. DEFERRED TAX LIABILITIES

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The nature of the deferred tax liabilities is contributed by the increase in unrealized gain of net fair value gain on financial asset through profit or loss by reference to Nice Cheer tax case, depreciation allowance in excess of related depreciation and the adoption of HKRBC tax.

The movement in the deferred income tax account is as follows:

	2025 HK\$	2024 HK\$
Balance at the beginning of year	7,652,510	-
Deferred tax recognised in the statement of profit or loss during the year (Note 7)	<u>10,762,949</u>	<u>7,652,510</u>
Balance at the end of year	<u>18,415,459</u>	<u>7,652,510</u>

NOTES TO FINANCIAL STATEMENTS

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21. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

At 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss HK\$	Financial assets at amortised cost HK\$	Total HK\$
Financial assets at fair value through profit or loss	761,325,126	-	761,325,126
Financial assets included in deposits and other receivables	-	5,050,320	5,050,320
Time deposits with original maturity over three months	-	255,335,704	255,335,704
Cash and cash equivalents	-	35,819,700	35,819,700
	<u>761,325,126</u>	<u>296,205,724</u>	<u>1,057,530,850</u>

Financial liabilities

	Financial liabilities at amortised cost HK\$
Other payables and accruals	<u>3,595,322</u>

At 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss HK\$	Financial assets at amortised cost HK\$	Total HK\$
Financial assets at fair value through profit or loss	596,006,493	-	596,006,493
Financial assets included in deposits and other receivables	-	3,396,308	3,396,308
Time deposits with original maturity over three months	-	286,654,694	286,654,694
Cash and cash equivalents	-	33,253,187	33,253,187
	<u>596,006,493</u>	<u>323,304,189</u>	<u>919,310,682</u>

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21. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2024

Financial liabilities

	Financial liabilities at amortised cost HK\$
Other payables and accruals	<u>3,599,931</u>

22. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS

The following table provides the fair value measurement hierarchy of the Company's financial instruments as at 31 December 2025 and 2024:

At 31 December 2025

*Financial assets measured at fair value*

	<u>Fair value measurement categorised into</u>			Total HK\$
	Level 1 HK\$	Level 2 HK \$	Level 3 HK \$	
Financial assets at fair value through profit or loss				
- Listed equity investments	446,366,269	-	-	446,366,269
- Unlisted fund investments	-	199,838,857	-	199,838,857
- Unlisted equity investments	-	-	115,120,000	115,120,000
	<u>446,366,269</u>	<u>199,838,857</u>	<u>115,120,000</u>	<u>761,325,126</u>

At 31 December 2024

*Financial assets measured at fair value*

	<u>Fair value measurement categorised into</u>			Total HK\$
	Level 1 HK\$	Level 2 HK \$	Level 3 HK \$	
Financial assets at fair value through profit or loss				
- Listed equity investments	330,667,991	-	-	330,667,991
- Unlisted fund investments	-	180,518,502	-	180,518,502
- Unlisted equity investments	-	-	84,820,000	84,820,000
	<u>330,667,991</u>	<u>180,518,502</u>	<u>84,820,000</u>	<u>596,006,493</u>

NOTES TO FINANCIAL STATEMENTS

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22. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS (continued)

The movements in the fair value measurement within level 3 during the year ended 31st December 2025 are as follows:

	Equity investments at fair value through profit or loss - unlisted HK\$
At 1 January 2024	79,400,000
Purchase during 2024	-
Disposal during 2024	-
Total gain recognised in profit or Loss	<u>5,420,000</u>
At 31 December 2024 and at 1 January 2025	84,820,000
Purchase during 2025	-
Disposal during 2025	-
Total gain recognised in profit or loss	<u>30,300,000</u>
At 31st December 2025	<u><u>115,120,000</u></u>

The Company did not have any financial liabilities as at 31st December, 2025 and 2024.

During the years ended 31st December, 2025 and 2024, there were no transfers of fair value measurements into or out of Level 3 for financial assets.

During the years ended 31st December, 2025 and 2024, there were no transfers of fair value measurements between Level 1 and Level 2 for financial assets.

The management has assessed that the fair values of cash and bank balances, financial assets included in deposits and other receivables, financial liabilities included in other payables and accruals approximate their carrying amounts largely due to the short term maturities of these instruments. The Company did not have any financial liabilities measured at fair value as at 31 December 2025 and 31 December 2024.

The fair value of a financial asset is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Company's principal financial instruments comprise financial assets at fair value through profit or loss, cash and bank balances, deposits and other receivables and payables and other payables and accruals.

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23. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and credit risk. The directors review and agree the policies for managing each of these risks and they are summarised below:

*Interest rate risk*

The Company adopts an approach of focusing on achieving a desired overall interest income, which may change over time, based on management's view of interest rates and economic conditions. The Company's exposure to interest rate risk relates primarily to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposit balances. The directors consider the Company's exposure of the bank deposits to interest rate risk is not significant as interest bearing bank balances are within short maturity periods.

The following sensitivity analysis has been determined based on the exposure to interest rates for interest bearing bank deposit balances at the end of the reporting period. If interest rates on interest bearing bank deposit balances had been 25 basis points higher/lower and all other variables were held constant, the net profit before tax during the year would increase/decrease by approximately HK\$722,174 (2024: HK\$679,761).

Interest rates are very sensitive to a number of external factors, including monetary and budgetary policies, the national and international economic and political environment, and the risk aversion of economic agents. The Company uses analytical tools which guide both its strategic allocation and local distribution of assets. The sensitivity to changes in interest rates is monitored by the Company and is generally analysed on a monthly basis. The Company analyses the impact of a major change in interest rates on each of its portfolios. Portfolio sensitivity analysis on interest rate changes is an important risk measurement and management tool for the Company which may lead to decisions for reallocation.

The Company has no significant concentration of interest rate risk.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Equity price risk*

The Company's listed investments are listed on the recognised Stock Exchange. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the recognised market Indexes and other industry indicators, as well as the Company's liquidity needs. The Company is exposed to market risk in respect of its holding in equity shares. Based on the fair value of those holdings as at the financial reporting date, a reduction of 5% in the fair value would result in a reduction in equity of HK\$22,318,313 (2024: HK\$16,533,400).

The Company has no significant concentration of equity price risk.

*Liquidity risk*

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

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

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

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs.

***Maturity analysis for insurance and reinsurance contracts liabilities (present value of future cash flows basis):***

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

At 31 December 2025

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Insurance contracts liabilities	179,189,398	27,592,130	12,396,091	6,759,863	4,319,580	6,406,765	236,663,827
Reinsurance contracts liabilities	1,551,647	-	-	-	-	-	1,551,647
<b>Total</b>	<b>180,741,045</b>	<b>27,592,130</b>	<b>12,396,091</b>	<b>6,759,863</b>	<b>4,319,580</b>	<b>6,406,765</b>	<b>238,215,474</b>

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23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Liquidity risk (continued)*

***Maturity analysis for insurance and reinsurance contract liabilities (present value of future cash flows basis): (continued)***

At 31 December 2024

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Insurance contracts liabilities	169,174,694	29,647,831	12,182,942	6,389,188	3,831,699	5,160,501	226,386,855
Reinsurance contracts liabilities	-	-	-	-	-	-	-
<b>Total</b>	<b>169,174,694</b>	<b>29,647,831</b>	<b>12,182,942</b>	<b>6,389,188</b>	<b>3,831,699</b>	<b>5,160,501</b>	<b>226,386,855</b>

***Maturity analysis for financial assets (contractual undiscounted cash flow basis):***

The following table summarises the maturity profile of financial assets of the Company based on remaining undiscounted contractual cash flows, including interest receivable:

At 31 December 2025

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Financial assets at fair value through profit or loss	646,205,126	-	-	-	-	-115,120,000	761,325,126
Deposits and other receivables	2,000,915	-	-	-	-	-	2,000,915
Time deposits with original maturity over three months	255,335,704	-	-	-	-	-	255,335,704
Cash and cash equivalents	35,819,700	-	-	-	-	-	35,819,700
<b>Total</b>	<b>939,361,445</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-115,120,000</b>	<b>1,054,481,445</b>

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23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Liquidity risk (continued)*

***Maturity analysis for financial assets (contractual undiscounted cash flow basis): (continued)***

At 31 December 2024

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	5 years	HK\$
						HK\$	
Financial assets at fair value through profit or loss	511,186,493	-	-	-	-	- 84,820,000	596,006,493
Deposits and other receivables	3,396,308	-	-	-	-	-	3,396,308
Time deposits with original maturity over three months	286,654,694	-	-	-	-	-	286,654,694
Cash and cash equivalents	33,253,187	-	-	-	-	-	33,253,187
<b>Total</b>	<b>834,490,682</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- 84,820,000</b>	<b>919,310,682</b>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Liquidity risk (continued)*

Current and non-current assets and liabilities:

The table below summarises the expected utilisation or settlement of assets and liabilities:

	2025			2024		
	No more than 12 months HK\$'000	More than 12 months HK\$'000	Total HK\$'000	No more than 12 months HK\$'000	More than 12 months HK\$'000	Total HK\$'000
<b>Financial assets</b>						
Financial assets at fair value through profit or loss	646,205	115,120	761,325	511,187	84,820	596,007
Deposits and other receivables	2,001	-	2,001	3,396	-	3,396
Time deposits with original maturity over three months	255,336	-	255,336	286,655	-	286,655
Cash and cash equivalents	35,820	-	35,820	33,253	-	33,253
	<u>939,362</u>	<u>115,120</u>	<u>1,054,482</u>	<u>834,491</u>	<u>84,820</u>	<u>919,311</u>
<b>Insurance contract assets</b>						
Insurance issued	15,746	(8,740)	7,006	17,528	(9,812)	7,716
Reinsurance held	4,747	1,268	6,015	5,899	2,240	8,139
	<u>20,493</u>	<u>(7,472)</u>	<u>13,021</u>	<u>23,427</u>	<u>(7,572)</u>	<u>15,855</u>
<b>Insurance contract liabilities</b>						
Insurance issued	179,189	57,475	236,664	169,175	57,212	226,387
Reinsurance held	1,552	-	1,552	-	-	-
	<u>180,741</u>	<u>57,475</u>	<u>238,216</u>	<u>169,175</u>	<u>57,212</u>	<u>226,387</u>

*Credit risk*

Credit risk arises mainly from the risk that counterparties default on the terms of their agreements. The carrying amounts of cash and bank balances, deposit and other receivables, insurance contracts assets, reinsurance contracts assets and financial assets at fair value through profit or loss represent the Company's maximum exposure to credit risk in relation to financial assets.

The Company monitors the exposure to credit risk on an ongoing basis and credit evaluations are performed on customers requiring credit over a certain amount. In addition, receivable balances are monitored on an ongoing basis; therefore, the Company's exposure to bad debts is not significant.

Exposure to credit risk arising from financial assets at fair value through profit or loss, deposit and other receivables and cash and bank balances is minimal because the investment is of high credit quality.

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23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk (continued)*

**Maximum exposure and year-end staging**

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2025 and 31 December 2024. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

31 December 2025

	12-month expected credit losses	Lifetime expected credit losses			Total HK\$
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Simplified approach HK\$	
Deposits and other receivables	2,000,915	-	-	-	2,000,915
Time deposits with original maturity over three months	255,335,704	-	-	-	255,335,704
Cash and cash equivalents	35,819,700	-	-	-	35,819,700
<b>Total</b>	<b>293,156,319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>293,156,319</b>

31 December 2024

	12-month expected credit losses	Lifetime expected credit losses			Total HK\$
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Simplified approach HK\$	
Deposits and other receivables	3,396,308	-	-	-	3,396,308
Time deposits with original maturity over three months	286,654,694	-	-	-	286,654,694
Cash and cash equivalents	33,253,187	-	-	-	33,253,187
<b>Total</b>	<b>323,304,189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>323,304,189</b>

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23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Foreign currency risk*

The Company incurs foreign currency risk on its underwriting and investment activities that are denominated in currencies other than HK Dollars. The majority of the net (liabilities)/assets generated as a result of the underwriting and investment activities are denominated in US Dollars and HK Dollars. Under the pegging currencies mechanism between HK Dollars and US Dollars, the currency risk exposure in relation to the net assets/(liabilities) is minimal. For HK Dollars and currencies other than USD, an appreciation of Hong Kong dollars against currencies other than USD of 5% (2024: 5%) would result in a loss for the year of HK\$3.7 million (2024: loss of HK\$2.9 million).

The net assets/(liabilities) position for each major currency is as follows:

31 December 2025	Assets/(liabilities) (HK\$)							Total
	HKD	USD	CNY	KRW	PTC	Others		
Financial assets at fair value through profit or loss	561,774,257	199,550,869	-	-	-	-	-	761,325,126
Insurance contracts assets	6,216,362	(25,687)	74,212	240,326	93,461	407,356	-	7,006,030
Reinsurance contracts assets	6,015,204	-	-	-	-	-	-	6,015,204
Time deposits with original maturity more than three months	145,000,000	86,247,000	15,273,843	-	-	8,814,861	-	255,335,704
Cash and cash equivalents	28,067,649	1,175,999	743	34	-	6,575,275	-	35,819,700
Prepayments, deposits and other receivables	4,582,920	777,006	114,724	-	-	17,140	-	5,491,790
<b>Total assets</b>	<b>751,656,392</b>	<b>287,725,187</b>	<b>15,463,522</b>	<b>240,360</b>	<b>93,461</b>	<b>15,814,632</b>	<b>-</b>	<b>1,070,993,554</b>
Insurance contracts liabilities	(109,959,831)	(21,266,632)	(3,770,547)	(11,147,472)	(26,543,943)	(63,975,402)	-	(236,663,827)
Reinsurance contracts liabilities	(1,551,647)	-	-	-	-	-	-	(1,551,647)
Other payables and accruals	(3,595,322)	-	-	-	-	-	-	(3,595,322)
Lease liabilities	(499,368)	-	-	-	-	-	-	(499,368)
Current tax liabilities	(1,016,100)	-	-	-	-	-	-	(1,016,100)
Deferred tax liabilities	(18,415,459)	-	-	-	-	-	-	(18,415,459)
<b>Total liabilities</b>	<b>(135,037,727)</b>	<b>(21,266,632)</b>	<b>(3,770,547)</b>	<b>(11,147,472)</b>	<b>(26,543,943)</b>	<b>(63,975,402)</b>	<b>-</b>	<b>(261,741,723)</b>
<b>Net assets/(liabilities)</b>	<b>616,618,665</b>	<b>266,458,555</b>	<b>11,692,975</b>	<b>(10,907,112)</b>	<b>(26,450,482)</b>	<b>(48,160,770)</b>	<b>-</b>	<b>809,251,831</b>

31 December 2024	Assets/(liabilities) (HK\$)							Total
	HKD	USD	CNY	KRW	PTC	Others		
Financial assets at fair value through profit or loss	415,487,992	180,518,501	-	-	-	-	-	596,006,493
Insurance contracts assets	5,874,039	30,462	239,516	330,270	386,179	855,404	-	7,715,870
Reinsurance contracts assets	8,139,472	-	-	-	-	-	-	8,139,472
Time deposits with original maturity more than three months	200,000,000	57,498,000	29,156,694	-	-	-	-	286,654,694
Cash and cash equivalents	18,336,581	737,035	706	34	-	14,178,831	-	33,253,187
Prepayments, deposits and other receivables	2,825,111	703,168	237,025	-	-	29,331	-	3,794,635
<b>Total assets</b>	<b>650,663,195</b>	<b>239,487,166</b>	<b>29,633,941</b>	<b>330,304</b>	<b>386,179</b>	<b>15,063,566</b>	<b>-</b>	<b>935,564,351</b>
Insurance contracts liabilities	(109,291,421)	(14,548,428)	(2,516,500)	(15,996,246)	(25,053,893)	(58,980,367)	-	(226,386,855)
Other payables and accruals	(3,599,931)	-	-	-	-	-	-	(3,599,931)
Lease liabilities	(1,322,328)	-	-	-	-	-	-	(1,322,328)
Current tax liabilities	(4,298,940)	-	-	-	-	-	-	(4,298,940)
Deferred tax liabilities	(7,652,510)	-	-	-	-	-	-	(7,652,510)
<b>Total liabilities</b>	<b>(126,165,130)</b>	<b>(14,548,428)</b>	<b>(2,516,500)</b>	<b>(15,996,246)</b>	<b>(25,053,893)</b>	<b>(58,980,367)</b>	<b>-</b>	<b>(243,260,564)</b>
<b>Net assets/(liabilities)</b>	<b>524,498,065</b>	<b>224,938,738</b>	<b>27,117,441</b>	<b>(15,665,942)</b>	<b>(24,667,714)</b>	<b>(43,916,801)</b>	<b>-</b>	<b>692,303,787</b>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Insurance risk*

*General insurance contracts and reinsurance contracts*

The Company principally issues the following types of general insurance contracts including employees' compensation, motor vehicle and liability business in Hong Kong.

For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance held arrangements.

Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

The Company purchases reinsurance as part of its risk mitigation programme. Reinsurance held is placed on a proportional basis. Proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to its marine business.

Amounts recoverable from reinsurers are estimated in a manner consistent with underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance held, to the extent that any reinsurer is unable to meet its obligations. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

In addition, the counterparts of reinsurance contract assets are with good settlement records and reputation. The management believes that the credit risk on the amounts due is minimal.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Insurance risk (continued)*

*General insurance contracts and reinsurance contracts (continued)*

(i) Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

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

<b>31 December 2025</b>	Change in assumptions	Impact on profit before tax gross of reinsurance HK\$'000	Impact on profit before tax net of reinsurance HK\$'000	Impact on equity gross of reinsurance HK\$'000	Impact on equity net of reinsurance HK\$'000
Average claims cost for outstanding claims	+5%	(11,688)	(11,462)	(10,723)	(10,516)
Average claims cost for outstanding claims	-5%	11,688	11,462	10,723	10,516
Discount rates	+0.5%	1,142	1,121	1,048	1,029
Discount rates	-0.5%	(1,154)	(1,133)	(1,059)	(1,039)
<b>31 December 2024</b>	Change in assumptions	Impact on profit before tax gross of reinsurance HK\$'000	Impact on profit before tax net of reinsurance HK\$'000	Impact on equity gross of reinsurance HK\$'000	Impact on equity net of reinsurance HK\$'000
Average claims cost for outstanding claims	+5%	(10,748)	(10,325)	(9,861)	(9,474)
Average claims cost for outstanding claims	-5%	10,748	10,325	9,861	9,474
Discount rates	+0.5%	1,102	1,066	1,011	978
Discount rates	-0.5%	(1,113)	(1,077)	(1,021)	(988)

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31 December 2025

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Insurance risk (continued)*

*General insurance contracts and reinsurance contracts (continued)*

(ii) Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

As required by HKFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

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23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Insurance risk (continued)*

*General insurance contracts and reinsurance contracts (continued)*

(ii) Claims development table (continued)

	Gross undiscounted liability for incurred claims for 2025 – All lines											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Underwriting year at end of	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At end of underwriting year	21,634	45,012	116,270	83,921	87,824	67,194	61,078	55,714	52,361	34,932	41,237	
One year later	19,307	58,524	106,324	117,208	115,071	87,141	87,111	73,651	71,509	61,869		
Two years later	20,350	62,004	98,254	129,352	110,950	86,391	90,497	68,308	70,988			
Three years later	15,584	54,076	88,828	125,238	107,869	82,702	88,012	64,061				
Four years later	12,874	47,854	85,400	124,902	98,266	81,837	84,228					
Five years later	13,363	45,536	83,124	119,309	96,889	82,880						
Six years later	13,281	45,517	78,233	115,509	96,320							
Seven years later	15,076	43,623	78,861	115,706								
Eight years later	14,543	42,598	78,467									
Nine years later	13,583	42,754										
Ten years later	13,889											
<b>Gross estimates of the undiscounted amount of the claims</b>	<b>13,889</b>	<b>42,754</b>	<b>78,467</b>	<b>115,706</b>	<b>96,320</b>	<b>82,880</b>	<b>84,228</b>	<b>64,061</b>	<b>70,988</b>	<b>61,869</b>	<b>41,237</b>	<b>752,399</b>
<b>Cumulative payments to date</b>	<b>(10,808)</b>	<b>(38,907)</b>	<b>(75,094)</b>	<b>(104,762)</b>	<b>(79,529)</b>	<b>(58,304)</b>	<b>(57,840)</b>	<b>(42,835)</b>	<b>(39,427)</b>	<b>(17,603)</b>	<b>(6,666)</b>	<b>(531,777)</b>
Gross undiscounted liabilities for incurred claims												220,622
Effect of risk adjustment												19,731
Effect of discounting												(6,600)
<b>Total gross liabilities for incurred claims</b>												<b>233,753</b>

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NOTES TO FINANCIAL STATEMENTS

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23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Insurance risk (continued)*

*General insurance contracts and reinsurance contracts (continued)*

(ii) Claims development table (continued)

*Gross undiscounted liability for incurred claims for 2025 – All lines*

	Note	Estimates of the present value of future cash flows HK\$'000	Risk adjustment HK\$'000	Total HK\$'000
Gross liabilities for incurred claims	14	214,022	19,731	<u>233,753</u>

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31 December 2025

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Insurance risk (continued)*

*General insurance contracts and reinsurance contracts (continued)*

(ii) Claims development table (continued)

	<i>Net undiscounted liability for incurred claims for 2025 – All lines</i>												
	Underwriting year at end of	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At end of underwriting year	21,634	45,012	71,780	75,042	87,013	67,193	57,228	55,154	51,934	34,829	41,165		
One year later	19,307	57,102	68,316	98,160	103,079	85,291	87,111	73,546	71,287	61,908			
Two years later	20,137	57,546	62,653	108,961	100,629	86,391	90,497	68,203	70,765				
Three years later	14,600	52,647	57,806	104,912	100,406	82,702	88,012	63,957					
Four years later	12,286	46,425	56,379	105,102	92,126	81,837	84,228						
Five years later	12,767	46,535	53,315	101,228	90,923	82,880							
Six years later	12,685	43,832	49,364	99,500	90,450								
Seven years later	14,289	42,285	50,422	99,809									
Eight years later	13,969	41,270	49,954										
Nine years later	13,556	41,430											
Ten years later	13,862												
<b>Net estimates of the undiscounted amount of the claims</b>	13,862	41,430	49,954	99,809	90,450	82,880	84,228	63,957	70,765	61,908	41,165	<b>700,408</b>	
<b>Cumulative payments to date</b>	(10,783)	(37,566)	(47,623)	(91,632)	(75,222)	(58,304)	(57,840)	(42,731)	(39,204)	(17,642)	(6,673)	<b>(485,240)</b>	
Net undiscounted liabilities for incurred claims												215,168	
Effect of risk adjustment												19,125	
Effect of discounting												(5,062)	
<b>Total net liabilities for incurred claims</b>												<b>229,231</b>	

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NOTES TO FINANCIAL STATEMENTS

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23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Insurance risk (continued)*

*General insurance contracts and reinsurance contracts (continued)*

(ii) Claims development table (continued)

*Net undiscounted liability for incurred claims for 2025 – All lines*

	Note	Estimates of the present value of future cash flows HK\$'000	Risk adjustment HK\$'000	Total HK\$'000
Net liabilities for incurred claims	14	210,106	19,125	<u>229,231</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Capital management*

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain positive capital ratios in order to support its business and maximise shareholders' value.

The Company manages its equity as disclosed in the statement of financial position and its regulatory capital determined from time to time in accordance with the Hong Kong Insurance Ordinance.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

The Company is subject to minimum capital requirements under the Hong Kong Insurance Ordinance. To determine its capital for regulatory purposes, the Company makes certain adjustments to the carrying values of its assets and liabilities. The regulatory capital requirement is determined by the application of statutory formulae to the Company's business information.

Throughout the financial years 2025 and 2024, the Company complied fully with these capital requirements.

24. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors of the Company on 27 April 2026.