Report of the Directors and Audited Financial Statements

PEAK REINSURANCE COMPANY LIMITED

31 December 2025

PEAK REINSURANCE COMPANY LIMITED

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PEAK REINSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

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

Principal activity

The principal activity of the Group consists of general reinsurance business and life and health reinsurance business.

Results and dividends

The Group's profit for the year ended 31 December 2025 and its consolidated financial position at that date are set out in the consolidated financial statements on pages 7 to 126.

On 28 April 2026, the directors recommended the dividend of US$22.2m in respect of the financial results for the year ended 31 December 2025, subject to the shareholder's approval in the Annual General Meeting ("AGM") and the regulatory approval from Hong Kong Insurance Authority ("HKIA"). The recommended dividend in respect of the financial results for the year ended 31 December 2025 has not been recognised as a liability at the reporting date.

Details of the dividends payout during the year are set out in note 12.

Property and equipment and intangible assets

Details of movements in the Group's intangible assets and property and equipment during the year are set out in notes 13 and 16 to the consolidated financial statements.

Reserves

Details of movements in the Group's reserves during the year are set out in the consolidated statement of changes in equity on pages 10 and 11.

Directors

The directors of the Company during the year were:

Hahn Franz Josef
Dutt Monish Kant
Ouyang Hui
Li Tao
Chen Kaihong
Zeissink Andrew John (resigned on 15 July 2025)
Tam Raymond Wai-man
Feng Xueyin (resigned on 30 May 2025)
Tang Yan (appointed on 30 December 2025)

Subsequent to the end of the reporting period, on 22 January 2026, Dan Joseph Knipe was appointed as non-executive director of the Company.

Directors (continued)

The persons who were directors of the principal subsidiaries during the year were:

Peak Reinsurance AG
Hahn Franz Josef
Chen Kaihong
Fricker Ulrich Werner
William Schiller (appointed on 5 September 2025)

Peak Re (BVI) Holding Limited
Chen Kaihong
Wong Wing

Peak Capital Holdings Ltd.
Hahn Franz Josef
Chen Kaihong
Zurbuchen Barry Clark

Peak Re Data Management (Shen Zhen) Company Limited
Lo Ching Hei James

Peak Reinsurance North America Ltd.
Chen Kaihong
Hahn Franz Josef
Heintzman Mark
Zhang Gene Qin
Zurbuchen Barry Clark

Subsequent to the end of the reporting period, on 10 April 2026, Hahn Franz Josef resigned as the director of the Company and the principal subsidiaries of the Company, Peak Reinsurance AG, Peak Capital Holdings Ltd. and Peak Reinsurance North America Ltd.

Controllers
The controllers of the Group (as defined in Section 9 of the Hong Kong Insurance Ordinance) during the year were:

Guo Guangchang
Fosun International Holdings Ltd.
Fosun Holdings Limited
Fosun International Limited
Fosun Financial Holdings Limited
Spinel Investment Limited
Peak Reinsurance Holdings Limited
Hahn Franz Josef

Subsequent to the end of the reporting period, on 18 April 2026, Hahn Franz Josef ceased to be the Chief Executive Officer of the Company and a Controller of the Group, and on 20 April 2026, Kuk Ho Ming Victor was appointed as the Chief Executive Officer of the Company and a Controller of the Group.

PEAK REINSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS (continued)

Directors' and controllers' interests

At no time during the year was the Group or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Group's directors and controllers to acquire benefits by means of the acquisition of shares in or debentures of the Group.

Directors' and controllers' interests in contracts

No director or controller had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Group or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year, except as disclosed in note 26 to the consolidated financial statements.

Statutory insurance

During the year, the Group 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.

Material retrocession arrangements

It is the policy of the Group to retrocede its risk to other reinsurers to a level considered prudent by management.

Donations

During the year the Group made charitable or other non-charitable donations in the amount of US$4,766 (2024: US$4,579).

Auditor

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

ON BEHALF OF THE BOARD

Tang Yan
Director

Hong Kong
28 April 2026

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

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Independent auditor's report
To the member of Peak Reinsurance Company Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the consolidated financial statements of Peak Reinsurance Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 7 to 126, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated 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 ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group 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 consolidated financial statements and auditor's report thereon
The directors of the Company are responsible for the other information. The other information comprises the information included in the report of the directors.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 for the consolidated financial statements
The directors of the Company are responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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Independent auditor's report (continued)
To the member of Peak Reinsurance Company Limited
(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the consolidated financial statements (continued)
In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group'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 of the Company either intend to liquidate the Group 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 Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 HKSAs 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 consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Independent auditor's report (continued)
To the member of Peak Reinsurance Company Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditor's report is LEE, Lit Kei (practising certificate number: P08008).

Certified Public Accountants
Hong Kong
28 April 2026

A member firm of Ernst & Young Global Limited

PEAK REINSURANCE COMPANY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 US$	2024 US$
Reinsurance revenue	5	1,535,195,841	1,156,160,110
Reinsurance service expenses	8	(1,298,972,277)	(943,474,526)
Net expenses from retrocession contracts held	21(a)	(73,341,309)	(68,202,884)
Reinsurance service results		162,882,255	144,482,700
Net finance expense from reinsurance contracts issued		(114,004,311)	(102,396)
Net finance income from retrocession contracts held		5,943,659	5,870,579
Net reinsurance finance results	6	(108,060,652)	5,768,183
thereof: foreign exchange (loss)/gain from reinsurance finance results		(43,530,841)	54,894,570
Net reinsurance finance results before foreign exchange (loss)/gain		(64,529,811)	(49,126,387)
Interest revenue on financial assets			
- not measured at fair value through profit or loss		92,199,137	86,941,665
- measured at fair value through profit or loss		3,532,416	3,514,456
Other investment revenue		105,925,507	31,848,221
(Impairment loss)/reversal of impairment loss on financial assets		(310,295)	155,289
Investment return	7	201,346,765	122,459,631
Other income/(expenses)		1,915,531	(15,855,542)
Other operating expenses	8	(53,264,024)	(42,603,458)
Other finance costs	9	(891,584)	(963,467)
Foreign exchange (loss)/gain from reinsurance finance results		(43,530,841)	54,894,570
Other foreign exchange gain/(loss)		2,582,028	(5,908,847)
Profit before share of profit/(loss) from an associate and joint ventures		206,510,319	207,379,200
Share of loss of an associate		(116,769)	(5,264,650)
Share of profit of joint ventures		1,773,466	1,703,819
PROFIT BEFORE TAX	10	208,167,016	203,818,369
Income tax expense	11	(18,711,936)	(16,815,015)
PROFIT FOR THE YEAR		189,455,080	187,003,354
Attributable to:			
Ordinary shareholders		175,432,510	173,628,354
Holders of perpetual capital securities		14,022,570	13,375,000
		189,455,080	187,003,354

PEAK REINSURANCE COMPANY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

Year ended 31 December 2025

	Notes	2025 US$	2024 US$
PROFIT FOR THE YEAR		189,455,080	187,003,354
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) may be reclassified to profit or loss in subsequent periods:			
Financial investments measured at fair value through other comprehensive income			
Changes in fair value		34,665,655	(9,994,037)
Reclassification adjustments on disposal included in the consolidated statement of profit or loss		(1,436,033)	2,453,136
Income tax effect	22	-	85,261
		33,229,622	(7,455,640)
Net finance expense from reinsurance contracts issued		(37,088,260)	(22,293,659)
Net finance income from retrocession contracts held		4,864,014	6,102,922
	6	(32,224,246)	(16,190,737)
Related income tax effect	22	-	2,032,332
		(32,224,246)	(14,158,405)
Reclassification adjustment for an associate included in the consolidated statement of profit or loss		-	425,490
Exchange difference on translation of foreign operations		79,017	(2,030,438)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		1,084,393	(23,218,993)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		190,539,473	163,784,361
Attributable to:			
Ordinary shareholders		176,516,903	150,409,361
Holders of perpetual capital securities		14,022,570	13,375,000
		190,539,473	163,784,361

PEAK REINSURANCE COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2025 US$	As at 31 December 2024 US$
ASSETS			
Intangible assets	13	2,407,968	2,903,951
Right-of-use assets	14(a)	8,125,699	8,115,570
Goodwill	15	357,250	357,250
Property and equipment	16	3,633,321	3,747,540
Investment in an associate	17(a)	14,567,326	14,684,095
Investment in joint ventures	17(b)	42,419,579	41,606,246
Reinsurance contract assets	21	102,754,414	123,076,229
Retrocession contract assets	21	234,843,110	261,164,457
Financial investments:			
At fair value through other comprehensive income	18	2,156,937,936	1,663,361,849
At fair value through profit or loss	18	1,216,325,203	1,016,593,549
At amortised cost	18	-	10,000,000
Prepayments, deposits and other receivables	19	54,241,504	38,096,513
Amount due from immediate holding company		6,065,458	6,069,646
Current tax assets		3,423,915	-
Cash and cash equivalents	20	449,369,978	583,039,114
TOTAL ASSETS		4,295,472,661	3,772,816,009
LIABILITIES			
Reinsurance contract liabilities	21	2,515,135,735	2,260,422,541
Retrocession contract liabilities	21	30,570,642	31,694,136
Derivatives	18	182,918	-
Other payables and accrued liabilities	23	61,240,142	35,129,053
Lease liabilities	14(b)	9,622,908	9,975,193
Current tax payables		-	364,147
Deferred tax liabilities	22	1,058,154	2,481,382
TOTAL LIABILITIES		2,617,810,499	2,340,066,452
NET ASSETS		1,677,662,162	1,432,749,557
EQUITY			
Share capital	24	786,720,714	786,720,714
Reserves		540,130,816	395,271,721
Total shareholders' fund		1,326,851,530	1,181,992,435
Perpetual capital securities	25	350,810,632	250,757,122
TOTAL EQUITY		1,677,662,162	1,432,749,557

Tang Yan
Director

Chen Kaihong
Director and Chief Financial Officer

PEAK REINSURANCE COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to							
		Ordinary shareholders							
	Notes	Share capital US$	Retained earnings US$	Fair value reserve US$	Exchange translation reserve US$	Reinsurance finance reserve US$	Total ordinary shareholders fund US$	Perpetual capital securities US$	Total equity US$
Total equity as at 1 January 2025		786,720,714	399,234,819*	(17,394,034)*	(16,684,281)*	30,115,217*	1,181,992,435	250,757,122	1,432,749,557
Redemption of perpetual capital securities	25	-	(1,657,808)	-	-	-	(1,657,808)	(248,342,192)	(250,000,000)
Issuance of perpetual capital securities	25	-	-	-	-	-	-	347,748,132	347,748,132
Profit for the year		-	175,432,510	-	-	-	175,432,510	14,022,570	189,455,080
Other comprehensive income for the year:									
Changes in fair value on fair value through other comprehensive income investments, net of tax		-	-	33,229,622	-	-	33,229,622	-	33,229,622
Net reinsurance finance results, net of tax		-	-	-	-	(32,224,246)	(32,224,246)	-	(32,224,246)
Reclassification adjustment for an associate		-	-	-	-	-	-	-	-
Exchange difference on translation of foreign operations		-	-	-	79,017	-	79,017	-	79,017
Total comprehensive income for the year		-	175,432,510	33,229,622	79,017	(32,224,246)	176,516,903	14,022,570	190,539,473
Distribution paid for perpetual capital securities	25	-	-	-	-	-	-	(13,375,000)	(13,375,000)
Dividend paid	12	-	(30,000,000)	-	-	-	(30,000,000)	-	(30,000,000)
Total equity as at 31 December 2025		786,720,714	543,009,521*	15,835,588*	(16,605,264) *	(2,109,029)*	1,326,851,530	350,810,632	1,677,662,162

* These reserve accounts comprise the reserves of US$540,130,816 (2024: US$395,271,721) in the consolidated statement of financial position.

PEAK REINSURANCE COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to Ordinary shareholders							
	Notes	Share capital US$	Retained earnings US$	Fair value reserve US$	Exchange translation reserve US$	Reinsurance finance reserve US$	Total ordinary shareholders fund US$	Perpetual capital securities US$	Total equity US$
Total equity as at 1 January 2024		786,720,714	225,606,465*	(10,363,884)*	(14,653,843)*	44,273,622*	1,031,583,074	250,757,122	1,282,340,196
Redemption of perpetual capital securities	25	-	-	-	-	-	-	-	-
Issuance of perpetual capital securities	25	-	-	-	-	-	-	-	-
Profit for the year		-	173,628,354	-	-	-	173,628,354	13,375,000	187,003,354
Other comprehensive income for the year:									
Changes in fair value on fair value through other comprehensive income investments, net of tax		-	-	(7,455,640)	-	-	(7,455,640)	-	(7,455,640)
Net reinsurance finance results, net of tax		-	-	-	-	(14,158,405)	(14,158,405)	-	(14,158,405)
Reclassification adjustment for an associate		-	-	425,490	-	-	425,490	-	425,490
Exchange difference on translation of foreign operations		-	-	-	(2,030,438)	-	(2,030,438)	-	(2,030,438)
Total comprehensive income for the year		-	173,628,354	(7,030,150)	(2,030,438)	(14,158,405)	150,409,361	13,375,000	163,784,361
Distribution paid for perpetual capital securities	25	-	-	-	-	-	-	(13,375,000)	(13,375,000)
Dividend paid	12	-	-	-	-	-	-	-	-
Total equity as at 31 December 2024		786,720,714	399,234,819*	(17,394,034)*	(16,684,281)*	30,115,217*	1,181,992,435	250,757,122	1,432,749,557

* These reserve accounts comprise the reserves of US$395,271,721 (2023: US$244,862,360) in the consolidated statement of financial position.

PEAK REINSURANCE COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 US$	2024 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		208,167,016	203,818,369
Adjustments for:			
Depreciation of property and equipment	16	1,490,278	1,274,643
Amortisation of intangible assets	13	1,326,648	1,183,512
Depreciation of right-of-use assets	14(a)	2,888,325	2,523,913
Share of loss of an associate		116,769	5,264,650
Share of profit of joint ventures		(1,773,466)	(1,703,819)
Interest income	7	(95,731,553)	(90,456,121)
Finance costs	9	891,584	963,467
Dividend income from investments in securities	7	(35,243,126)	(38,357,587)
Fair value gain on investments at fair value through profit or loss	7	(28,828,493)	(39,953,105)
Loss on disposal of investments at fair value through profit or loss	7	4,391,179	24,538,284
(Gain)/Loss on disposal of investments at fair value through other comprehensive income	7	(823,174)	2,008,347
Impairment loss/(reversal of impairment loss) on financial assets	7	310,295	(155,289)
Foreign exchange loss on the return of capital from a joint venture		-	2,743,370
Deemed disposal losses from investment in an associate	17(a)	-	425,490
Change in net reinsurance/retrocession contracts		213,452,312	56,588,619
Change in amount due from ultimate holding company		4,188	26,256
Change in prepayments, deposits and other receivables		(29,198,571)	(4,608,638)
Change in other payables and accrued liabilities		18,379,949	2,117,519
Cash flows from operations		259,820,160	128,241,880
Finance costs of lease payments		(624,251)	(686,141)
Tax paid		(23,923,226)	-
Net cash flows generated from operating activities		235,272,683	127,555,739

PEAK REINSURANCE COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2025

	Notes	2025 US$	2024 US$
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property and equipment	16	(1,376,059)	(97,602)
Purchase of items of intangible assets	13	(830,665)	(115,917)
Interest received		93,136,784	87,403,690
Change in cash collaterals		56,996,111	(27,007,530)
Dividends received from investments in securities		36,084,865	37,943,251
Dividends received from joint ventures		1,039,150	13,914,976
Return of capital from a joint venture		-	2,018,051
Purchases of investments at fair value through other other comprehensive income		(1,706,851,928)	(1,046,915,017)
Purchases of investments at fair value through profit or loss		(1,055,002,890)	(461,388,048)
Proceeds from disposal of investments at fair value through other comprehensive income		1,287,263,241	1,040,678,174
Proceeds from disposal of investments at fair value through profit or loss		907,486,485	212,376,386
Proceeds from disposal of investments at amortised cost		10,000,000	-
Net cash flows used in investing activities		(372,054,906)	(141,189,586)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	9	(267,333)	(277,326)
Redemption of perpetual capital securities	25	(250,000,000)	-
Proceeds from issuance of perpetual capital securities	25	347,748,132	-
Distribution for perpetual capital securities		(13,375,000)	(13,375,000)
Principal portion of lease payments		(3,131,015)	(1,519,337)
Net settlement from repurchase agreement		-	(20,352,227)
Dividends paid	12	(30,000,000)	-
Net cash flows generated from/(used in) financing activities		50,974,784	(35,523,890)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(85,807,439)	(49,157,737)
Cash and cash equivalents at beginning of year		382,751,022	442,761,809
Net decrease in cash and cash equivalents		(85,807,439)	(49,157,737)
Effect of foreign exchange rate change		9,134,414	(10,853,050)
Cash and cash equivalents at end of year		306,077,997	382,751,022
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents and cash collaterals	20	449,369,978	583,039,114
Cash collaterals	20	(143,291,981)	(200,288,092)
Cash and cash equivalents	20	306,077,997	382,751,022

1. CORPORATE INFORMATION

The registered office of Peak Reinsurance Company Limited is located at 13/F-15M/F, WKCDA Tower, No.8 Austin Road West, West Kowloon Cultural District, Kowloon, Hong Kong.

The Company was granted a reinsurance license for its general business by the Hong Kong Insurance Authority on 28 December 2012 and a composite reinsurance license on 3 June 2014, such license was updated on 29 August 2016 to include aircraft and aircraft liability business. The principal activity of the Group consists of general reinsurance business and life and health reinsurance business.

In the opinion of the directors, the ultimate holding company of the Group is Fosun International Holdings Ltd., which is incorporated in the British Virgin Islands.

The immediate holding company of the Company is Peak Reinsurance Holdings Limited which is an investment holding company, with limited liability incorporated in Bermuda.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Peak Reinsurance AG	Zurich	CHF 10,000,000	100 Direct	Reinsurance business
Peak Re (BVI) Holding Limited*	British Virgin Islands	Nil par value	100 Direct	Issuance of perpetual subordinated guaranteed capital securities
Peak Capital Holdings Ltd.*	Bermuda	US$10,000	100 Direct	Investment holding company with a 100% owned subsidiary carrying out insurance agency business
Peak Re Data Management (Shen Zhen) Company Limited*	People's Republic of China	CNY1,000,000	100 Direct	Data processing and management activities
Peak Reinsurance North America Ltd.	United States	US$125,000,000	100 Direct	Reinsurance business

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting 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. They have been prepared under the historical cost convention, except for investments at fair value through profit or loss and fair value through other comprehensive income investments which have been measured at fair value as further explained below. For assets recorded under the historical cost convention, management assessed that the amortised costs approximate the fair values. They are presented in US dollars ("US$") which is also the Group's functional currency.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted amendments to HKAS 21 Lack of Exchangeability for the first time for the current year's financial statements.

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 Group had transacted in and the functional currencies of overseas subsidiaries, branches, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not early applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. Among the new and amended HKFRS Accounting Standards, the following are expected to be relevant to the Group's financial statements when they become effective:

HKFRS 18	*Presentation and Disclosure in Financial Statements*[2]
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to HKFRS Accounting Standards – Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[1]

[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
[3] No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

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 Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group’s financial statements.

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.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. The Group is currently considering the application of HKFRS 19 and its amendments in the financial statements.

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 Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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 Group 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 Group'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. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. 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 Group's financial statements.

- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group'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 Group's financial statements.

3. MATERIAL ACCOUNTING POLICIES

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group determines its business model at the level that best reflects how it manages group of financial assets to achieve its business objective. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

3. MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Subsequent measurement (continued)
(ii) Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

(iii) Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

(iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Subsequent measurement (continued)
(iv) Financial assets at fair value through profit or loss (continued)

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets (other than for substantial modification)
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets due to substantial modification of terms and conditions
The Group derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as a derecognition gain or loss. In the case of debt instruments at amortised cost, the newly recognised loans are classified as stage 1 for expected credit losses ("ECLs") measurement purposes.

When assessing whether or not to derecognise an instrument, amongst others, the Group considers the following factors:

- change in currency of the debt instrument
- introduction of an equity feature
- change in counterparty
- if the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate ("EIR"), the Group records a modification gain or loss.

Impairment of financial assets
The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. 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
Before the ECL stage 3 "credit-impaired", ECLs allowance are recognised in the first 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 Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group 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.

For non-investment financial assets, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group considers a non-investment financial asset is in default when its contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

3. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Refer to note 4 for more details of the Group's ECLs methodology on financial instruments.

Write-offs of financial assets
Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in the consolidated financial statements.

Product classification - Reinsurance and retrocession contracts
Reinsurance contracts are defined as those containing significant insurance risk at the inception of the contracts, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time.

In the event that a scenario (other than those lacking commercial substance) exists in which an insured event would require the Group to pay significant additional benefits to its customers and has a possibility of incurring a loss on a present value basis, the contract is considered as transferring significant insurance risk and is accounted for as a reinsurance contract. Contracts held by the Group under which it transfers significant insurance risk related to underlying reinsurance contracts are classified as retrocession contracts held. Reinsurance contracts and retrocession contracts held can also expose the Group to financial risk.

3. MATERIAL ACCOUNTING POLICIES (continued)

Separating components from reinsurance and retrocession contracts

At inception, the Group separates the following components from a reinsurance or retrocession contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of a reinsurance or retrocession contract as a stand-alone instrument; and
- distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Group separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Group provides a significant service of integrating the good or service with the insurance component.

Level of aggregation and recognition of group of reinsurance contracts and retrocession contracts held

Level of aggregation

The Group identifies portfolios of reinsurance contracts and retrocession contracts. Each portfolio comprises contracts that are subject to similar risks and managed together, and categorised into two groups based on their profitability:

(i) onerous cohorts on initial recognition

(ii) any remaining cohorts in the portfolio

3. MATERIAL ACCOUNTING POLICIES (continued)

Level of aggregation and recognition of group of reinsurance contracts and retrocession contracts held (continued)

The resulting groups represent the level at which the recognition and measurement accounting policies are applied. The groups are established on initial recognition and their composition is not reassessed subsequently.

Each group of retrocession contracts comprises a single contract.

Recognition

The Group recognises group of reinsurance and retrocession contracts as below:

Group of reinsurance contracts issued	Recognised from the earliest of the following. – The beginning of the coverage period of the group of contracts. The coverage period is the period during which the Group provides services in respect of all premiums within the boundary of a reinsurance contract. – The date when the first payment from a policyholder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder. – The date when facts and circumstances indicate that the group to which a reinsurance contract will belong is onerous.
Group of retrocession contracts held	Recognised on the following date: – *Retrocession contracts that provide proportionate coverage:* the later of the beginning of the coverage period of the group of retrocession contracts and the date when any underlying reinsurance contract is initially recognised. The coverage period of the group of retrocession contracts is the period during which the Group receives services in respect of the reinsured portions of the underlying reinsurance contracts. – *Other retrocession contracts:* the beginning of the coverage period of the group of retrocession contracts. However, if the Group recognises an onerous group of underlying reinsurance contracts earlier than the date determined above, then the group of retrocession contracts is recognised on that earlier date that will be discussed in following *Contract boundary*.
Group of contracts acquired	Recognised at the date of acquisition.

Subsequently, new contracts are added to the group, provided that all contracts in the group are issued, initiated or acquired in the same year. A contract is added to the group when that contract meets the recognition criteria.

3. MATERIAL ACCOUNTING POLICIES (continued)

Level of aggregation and recognition of group of reinsurance contracts and retrocession contracts held (continued)

Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Group can compel the cedant to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular cedant and can set a price or level of benefits that fully reflects those reassessed risks; or

- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

Reinsurance acquisition cash flows

Reinsurance acquisition cash flows are allocated to group of contracts using a systematic and rational allocation method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort. At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Measurement – General Measurement Model

Reinsurance contracts - initial measurement

On initial recognition, the Group measures a group of reinsurance contracts as the total of:

(a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and
(b) the Contractual Service Margin ("CSM").

The measurement of a group of reinsurance contracts includes all of the future cash flows within the boundary of each contract in the group. The fulfilment cash flows of a group of reinsurance contracts do not reflect non-performance risk.

3. MATERIAL ACCOUNTING POLICIES (continued)

Measurement – General Measurement Model (continued)

Reinsurance contracts – initial measurement (continued)

Reinsurance acquisition cash flows that the Group pays before the related group of contracts is recognised are presented as a reinsurance contract asset. When the group of contracts is recognised, these cash flows are included in the measurement of the group and the previously recognised asset is derecognised.

The risk adjustment for non-financial risk for a group of reinsurance contracts is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of reinsurance contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of reinsurance contracts, if the total of the fulfilment cash flows, any derecognised assets or liabilities for cash flows occurring before the recognition of the group (including any assets for reinsurance acquisition cash flows), and any cash flows arising at that date is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

For groups of contracts acquired, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as “Losses and reversal of losses on onerous contracts”.

Reinsurance contracts - subsequent measurement

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods, (b) any investment components, which have not been transferred to the liability for incurred claims, and (c) any remaining CSM at that date. The liability for incurred claims comprises (a) the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported, and (b) any investment components transferred from the liability for remaining coverage.

3. MATERIAL ACCOUNTING POLICIES (continued)

Measurement – General Measurement Model (continued)

Reinsurance contracts - subsequent measurement (continued)

The fulfilment cash flows of groups of reinsurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

Changes relating to future services	Adjusted against the CSM (or in the reinsurance service result in profit or loss if the group is onerous)
Changes relating to past or current services	Recognised in the reinsurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as reinsurance finance income or expenses

The CSM of each group of contracts is calculated every quarter-end on 31 March, 30 June, 30 September and 31 December as follows.

The carrying amount of the CSM at the end of each quarter is the carrying amount at the start of the next quarter end, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates on nominal cash flows that do no vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:

  (i) any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component which will be discussed in following *Presentation*; or

  (ii) any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss which will be discussed in following *Presentation*;

  (iii) the effect of any currency exchange differences on the CSM; and

  (iv) the amount recognised as reinsurance revenue because of the transfer of reinsurance contract services provided in the period which will be discussed in following *Presentation*.

3. MATERIAL ACCOUNTING POLICIES (continued)

Measurement – General Measurement Model (continued)
Reinsurance contracts - subsequent measurement (continued)
Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the period that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;

- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money, financial risk and changes therein;

- differences between any investment component or loan to a policyholder expected to become repayable in the period and the actual amount that becomes repayable in the period, measured at the discount rates determined on initial recognition; and

- changes in the risk adjustment for non-financial risk that relate to future services.

Retrocession contracts - initial measurement and subsequent measurement
The Group applies the same accounting policies as reinsurance contracts to measure a group of retrocession contracts, with the following modifications.

The carrying amount of a group of retrocession contracts at each reporting date is the sum of the assets for remaining coverage and the assets for incurred claims. The remaining coverage component comprises (a) the fulfilment cash flows that relate the services that will be received under the contracts in future period, (b) any investment components that have not been transferred to the asset for incurred claims, and (c) any remaining CSM at that date.

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying reinsurance contracts, with an adjustment for any risk of non-performance by the retrocessionaire. The effect of the non-performance risk of the retrocessionaire is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

Measurement – General Measurement Model (continued)

Retrocession contracts - initial measurement and subsequent measurement (continued)

The risk adjustment for non-financial risk is the amount of the risk transferred by the Group to the reinsurer.

On initial recognition, the CSM of a group of retrocession contracts represents a net cost or net gain on purchasing retrocession contracts. It is measured as the equal and opposite amount of the total of the fulfilment cash flows, any derecognised assets for each cash flows occurring before the recognition of the group, any cash flows arising at that date, and any income recognised in profit or loss at that date relating to onerous underlying contracts (see below). However, if any net cost on purchasing retrocession coverage relates to insured events that occurred before the purchase of the group, then the Group recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at the end of each quarter is the carrying amount at the start of the next quarter end, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- any income recognised in profit or loss in the year on recognition of onerous underlying contracts or on addition of onerous underlying contracts to a group (see below);
- reversal of a loss-recovery component recognised to the extent that those reversals are not changes in the fulfilment cash flows of the group of retrocession contracts held;
- changes in fulfilment cash flows that relate to future services, except to the extent that those changes result from changes in fulfilment cash flows allocated to a group of underlying reinsurance contracts that does not adjust CSM for the group of underlying reinsurance contracts;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the period which will be discussed in following *Presentation*.

Retrocession contracts cannot be onerous.

The Group adjusts the CSM of the group to which a retrocession contracts belongs and as a result recognises income in profit or loss when it recognises a loss on initial recognition of an onerous group of underlying contracts or on addition of onerous underlying contracts to that group, if the retrocession contract is recognised before or at the same time as the onerous underlying contracts. The adjustment to the CSM is determined by multiplying the loss that relates to the underlying contracts by the percentage of claims the Group expects to recover from the retrocession contracts.

3. MATERIAL ACCOUNTING POLICIES (continued)

Measurement – General Measurement Model (continued)

Retrocession contracts - initial measurement and subsequent measurement (continued)

For retrocession contracts covering onerous underlying contracts acquired in a business combination, the adjustment to the CSM is determined by multiplying the amount of the loss component that relates to the underlying contracts at the date of acquisition by the percentage of claims the Group expects, at the date of acquisition, to recover from the retrocession contracts.

Instead of recognising income in profit or loss, the Group adjusts goodwill or a gain on a bargain purchase.

A loss-recovery component is created for the group of retrocession contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from retrocession contracts and are consequently excluded from the allocation of retrocession premiums paid which will be discussed in following presentation.

Derecognition and contract modification

The Group derecognises a contract when it is extinguished – i.e., when the specified obligations in the contract expire or are discharged or cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modifications as changes in estimates of fulfilment cash flows.

On the derecognition of a contract from within a group of contracts:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining coverage is adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Group entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the issuer received the premium that it would have charged less any addition premium charged for the modification.

3. MATERIAL ACCOUNTING POLICIES (continued)

Presentation

Portfolios of reinsurance contracts that are assets and those that are liabilities, and portfolios of retrocession contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows occurring before the recognition of the related group of contracts (including any assets for reinsurance acquisition cash flows) are included in the carrying amount of the related portfolios of contracts.

The Group disaggregates amounts recognised in the statement of profit or loss and other comprehensive income ("OCI") into (a) a reinsurance service result, comprising reinsurance revenue and reinsurance service expenses, and (b) reinsurance finance income or expenses.

Income and expenses from retrocession contracts are presented separately from income and expenses from reinsurance contracts. Income and expenses from retrocession contracts, other than reinsurance finance income or expenses, are presented on a net basis as 'net expenses from retrocession contracts' in the reinsurance service result.

The Group disaggregate changes in the risk adjustment for non-financial risk between the reinsurance service result and reinsurance finance income or expenses.

Reinsurance revenue excludes any investment components and is measured as follows.

Reinsurance revenue – General Measurement Model

The Group recognises reinsurance revenue as it satisfies its performance obligations – i.e., as it provides services under groups of reinsurance contracts. The reinsurance revenue relating to services provided for each period represents the total of the changes in the liability for remaining coverage that relate to services for which the Group expects to receive consideration.

In addition, the Group allocates a portion of premiums that relate to recovering reinsurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group recognises the allocated amount as reinsurance revenue and an equal amount as reinsurance service expenses.

The amount of the CSM of a group of reinsurance contracts that is recognised as reinsurance revenue in each quarter is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the quarter (before any allocation) equally to each coverage unit provided in the quarter and expected to be provided in future quarters, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the quarter. The number of coverage units is the quantity of coverage provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period.

Loss components

The Group establishes a loss component of the liability for remaining coverage for onerous groups of reinsurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently excluded from reinsurance revenue when they occur. When the fulfilment cash flows occur, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

3. MATERIAL ACCOUNTING POLICIES (continued)

Loss components (continued)
The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk at the beginning of each period (or on initial recognition if a group of contracts is initially recognised in the period).

Reinsurance service expenses
Reinsurance service expenses arising from reinsurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and mainly comprise the following items:

- Incurred claims and other reinsurance service expenses

- Amortisation of reinsurance acquisition cash flows: this equals to the amount of reinsurance revenue in the year that relates to recovering reinsurance acquisition cash flows.

- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

Net income or expenses from retrocession contracts held and loss recovery components
Net expenses from retrocession contracts comprise an allocation of retrocession premiums paid less amounts recovered from retrocessionaires.

The Group recognises an allocation of retrocession premiums paid in profit or loss as it receives services under groups of retrocession contracts. The allocation of retrocession premiums paid relating to services received for each period represent the total of the changes in the assets for remaining coverage that relate to services for which the Group expects to pay consideration.

For a group of retrocession contracts with a loss-recovery component (see above Measurement – General Measurement Model), the Group:

- adjusts the loss-recovery component to reflect changes in the loss component for the group of underlying contracts; and

- allocates subsequent changes in fulfilment cash flows resulting from changes in fulfilment cash flows of onerous underlying contracts to that loss-recovery component until it is reduced to zero

3. MATERIAL ACCOUNTING POLICIES (continued)

Reinsurance finance income and expenses

Reinsurance finance income and expenses comprise changes in the carrying amounts of groups of reinsurance and retrocession contracts arising from the effects of the time value of money, financial risk and changes therein.

The Group has chosen to disaggregate reinsurance finance income and expenses arising from the estimates of future cash flows, a rate that allocates the remaining revised expected reinsurance finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e., the effective yield); and for finance income or expenses arising from the CSM, the discount rates determined on the initial recognition of the group of contracts.

Amounts presented in other comprehensive income are accumulated in the reinsurance finance reserve. If the Group derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amount of accumulated other comprehensive income for the contract are reclassified to profit or loss as a reclassification adjustment.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where recognised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

3. MATERIAL ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

3. MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Revenue recognition
Revenue and other income are recognised when it is probable that the economic benefits will flow to the Group and when revenue can be measured reliably, on the following bases:

(a) Fair value gains on investments at fair value through profit or loss are recognised as unrealised gains and losses which comprises changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

(b) Realised gains and losses on disposals of financial instruments classified at fair value through profit or loss which represent the difference between an instrument's initial carrying amount and disposal amount.

(c) Interest income is recorded using the effective interest rate ("EIR") method for interest bearing financial instruments. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

(d) Dividend income is recognised when the shareholders' right to receive payment has been established; and

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. All leases with a term of more than 12 months are recognised as assets representing the right of use of the underlying asset and liabilities representing the obligation to make lease payments, unless the underlying asset is of low value. Both the assets and the liabilities are initially measured on a present value basis.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful lives of the assets and the lease terms, which is 6 years for the leasehold properties.

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in lease payments.

The Group applies the short-term lease recognition exemption to its short-term lease of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

3. MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property 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.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Leasehold improvement	16.67% or over the lease term, whichever is shorter
Data processing equipment	33.33%
Furniture, fixtures and other equipment	20.00%

Where parts of an item of property and equipment 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 the end of each reporting period.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

3. MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets – Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful life of three to six years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Intangible assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Fair value measurement

The Group measures its fair value through profit or loss investments at fair value 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 Group. 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 Group 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 consolidated financial statements on a recurring basis, the Group 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.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

3. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Foreign currencies
These financial statements are presented in US dollars, which is the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain joint ventures and associates are currencies other than the US dollars. As at the end of the reporting period, the assets and liabilities of these entities are translated into US dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into US dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include derivative liabilities, and other payables and accrued liabilities.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Borrowings

After initial recognition, borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Employee benefits – Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

3. MATERIAL ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group 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 Group;
   (ii) has significant influence over the Group; or
   (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:
   (i) the entity and the Group 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 Group 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 Group or an entity related to the Group;
   (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 Group or to the parent of the Group.

3. MATERIAL ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current tax and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxable authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Group makes estimates, assumptions and judgements that affect the carrying amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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.

Reinsurance and retrocession contracts

(a) Fulfilment cash flows

Fulfilment cash flows comprise:

(i) Estimates of future cash flows;
In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) cedents, reinsurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Reinsurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs, and recurring commissions payable on instalment premiums receivable within the contract boundary.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Reinsurance and retrocession contracts (continued)

(a) Fulfilment cash flows (continued)

(i) Estimates of future cash flows; (continued)

Reinsurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at a local entity level using an allocation methodology by expense cost centre. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Acquisition and other fulfilment cash flows are allocated to group of contacts based on their underwriting activities recorded during the period. Other costs are recognised in profit or loss as they are incurred.

(ii) an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows;

The Group adjusts the estimate of future cash flows to reflect the time value of money and the financial risks related to those cash flows. The cash flows are discounted by the discount rates reflect the time value of money, the characteristics of cash flows and the liquidity characteristics of the reinsurance contracts.

The bottom-up approach has been adopted for the derivation of discount rates. Discount rates are determined by adjusting the liquid risk-free yield curve to reflect the liquidity characteristics of the reinsurance contracts. Risk-free rates are recalibrated quarterly reference to the latest market observable yield curve of treasuries or interest rate swaps issued by reputable investment banks.

The table below set out the yield curve used to discount the cash flow of reinsurance contract for major currencies.

	1 year		2 years		5 years		10 years	
	2025	2024	2025	2024	2025	2024	2025	2024
	%	%	%	%	%	%	%	%
Life and Non-life contracts								
USD	3.68	4.59	3.64	4.43	3.90	4.42	4.51	4.70
JPY	1.14	0.66	1.37	0.78	1.63	0.80	2.22	1.07
KRW	3.08	3.18	3.24	3.14	3.55	3.19	4.08	3.68
CNY	1.69	1.87	1.77	1.95	1.87	2.10	2.17	2.16

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Reinsurance and retrocession contracts (continued)

(a) Fulfilment cash flows (continued)

(iii) Risk adjustment for non-financial risk

Risk adjustments for non-financial risk are generally determined by the local entity for each segment in which it operates and are allocated to groups of contracts using methods that are systematic and rational. The risk adjustment is determined at a portfolio basis and then aggregated to determine the entity level risk adjustment - include further details once determined. Changes in the risk adjustment are presented in both reinsurance service results and net reinsurance finance results.

Applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows from reinsurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk within the target confidence level of 75th - 80th percentile (2025: 75th percentile; 2024: 75th percentile) over the expected present value of the future cash flows.

(b) Amortisation of the CSM

The CSM of a group of reinsurance contracts is recognised as reinsurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage duration.

(c) Investment components

The Group identifies the investment component of a contract as part of its product governance process by determining the amount that it would be required to repay to the cedents in all circumstances, ignoring scenarios without commercial substance. These include circumstances in which an insured event occurs, or the contract matures or is terminated. Investment components are excluded from reinsurance revenue and reinsurance service expenses.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Impairment of financial assets

The Group recognises loss allowances for ECL on financial assets measured at amortised cost and debt securities measured at fair value through other comprehensive income. The measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and behaviour. Details of the inputs, assumptions and estimation techniques uses for estimating ECL are further explained below.

(a) Significant increase in credit risk

When determining whether the credit risk (i.e., risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both qualitative and quantitative information and analysis based on the Group's experience, credit assessment performed by internal and external experts and forward-looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing the external credit rating as at the reporting date with the external credit rating as at the date of initial recognition of the exposure. Where external credit rating(s) is(are) available from three globally recognised credit agencies, Standard and Poor's, Fitch and Moody's, the highest credit rating is assigned and used in the aforementioned credit rating tracking for significant credit risk identification at each end date of reporting period. Where external credit rating is not readily available, internal assessment is adopted to monitor the credit risk change based on the relevant information of the exposures, including price movement of securities, repayment priorities of the exposures, market news of repayment for the other securities from the issuers, and assess whether such information signifies a change in credit risk.

The Group considers that a significant increase in credit risk occurs no later than when a non-investment financial asset is 30 days past due, unless there are other indications that there is no significant increase in credit risk. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which fully payment has not been received. Due dates are determined after considering any grace period that might be available to the debtor.

(b) Definition of default

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to mitigating actions. The criteria of "default" are consistent with those of "credit-impaired".

(c) Incorporation of forward-looking information

The Group incorporates forward-looking information into its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. The Group estimates the expected changes of debtor's credit risk based on historical repayment data along with economic policies, macro-economic indicators, and industrial risk.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Impairment of financial assets (continued)

(d) Measurement of ECL

The key inputs into the measurement of ECL are the term structure of probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

To determine lifetime and 12-month PDs, the Group leverages on the external rating and convert it into PD based on the level of rating and obligator characteristics like sovereigns/ corporates. Changes in the rating at the reporting date for a counterparty or exposure lead to a change in estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group leverages on recovery statistics to calculate the LGD.

EAD represents the expected exposure in the event of default. The EAD of a financial asset is its gross carrying amount at the time of default. The Group derives the EAD from the current exposure to the counterparty, with any adjustments for changes to the current exposure, such as amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount.

Fair value of unlisted equity investments

The fair value of unlisted equity investments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. Their fair values are estimated based on appropriate assumptions as market observable inputs are not available. The fair value of these unlisted equity investments at 31 December 2025 was US$17,879,360 (2024: US$30,156,321). Further details are included in note 28 to the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was US$357,250 (2024: US$357,250). Further details are given in note 15.

Significant judgement in determining the lease term of contracts with renewal options
The Group has a lease contract of an office premise that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for lease of the office premise due to the significance of the leasehold improvements incurred.

Leases – Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group 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 Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets (other than goodwill)
The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

5. REINSURANCE REVENUE

2025	Life US$	Non-life US$	Total US$
Reinsurance revenue			
Amounts relating to changes in liabilities for remaining coverage			
- CSM recognised for services provided (Notes 21(a)(i)(i) and 21(a)(ii)(i))	19,747,342	292,246,193	311,993,535
- Change in risk adjustment for non-financial risk for risk expired	(1,423,365)	63,965,646	62,542,281
- Expected incurred claims and other reinsurance service expenses	100,159,252	872,946,501	973,105,753
- Others (Notes 21(a)(i)(i) and 21(a)(ii)(i))	(6,586,955)	126,212,137	119,625,182
Recovery of reinsurance acquisition cash flows	477,263	67,451,827	67,929,090
Reinsurance revenue (Notes 21(a)(i)(i) and 21(a)(ii)(i))	112,373,537	1,422,822,304	1,535,195,841

2024	Life US$	Non-life US$	Total US$
Reinsurance revenue			
Amounts relating to changes in liabilities for remaining coverage			
- CSM recognised for services provided (Notes 21(a)(i)(i) and 21(a)(ii)(i))	18,581,656	167,985,852	186,567,508
- Change in risk adjustment for non-financial risk for risk expired	(10,288,234)	48,120,581	37,832,347
- Expected incurred claims and other reinsurance service expenses	80,704,812	714,485,047	795,189,859
- Others (Notes 21(a)(i)(i) and 21(a)(ii)(i))	4,351,236	64,935,369	69,286,605
Recovery of reinsurance acquisition cash flows	744,338	66,539,453	67,283,791
Reinsurance revenue (Notes 21(a)(i)(i) and 21(a)(ii)(i))	94,093,808	1,062,066,302	1,156,160,110

6. NET REINSURANCE FINANCE RESULTS

	2025			2024		
	Life US$	Non-life US$	Total US$	Life US$	Non-life US$	Total US$
Net finance expenses from reinsurance contracts issued (Notes 21(a)(i)(i) and 21(a)(ii)(i))						
Interest accreted	(6,702,262)	(65,063,709)	(71,765,971)	(4,820,209)	(50,666,563)	(55,486,772)
Effect of changes in interest rates and other financial assumptions	325,017	(36,441,746)	(36,116,729)	(4,403,247)	(34,262,360)	(38,665,607)
Effect of measuring changes in estimates at current rates and adjusting CSM at rates on initial recognition	(2,260,941)	1,637,000	(623,941)	2,047,578	14,503,050	16,550,628
Net foreign exchange (loss)/gain – profit or loss	(4,584,541)	(37,653,799)	(42,238,340)	5,784,780	49,599,596	55,384,376
Net foreign exchange loss – OCI	(683,052)	335,462	(347,590)	186,646	(365,326)	(178,680)
Total net financial expenses from reinsurance contracts in the statement of profit or loss and OCI	(13,905,779)	(137,186,792)	(151,092,571)	(1,204,452)	(21,191,603)	(22,396,055)
Net finance income from retrocession contracts held (Notes 21(a)(i)(ii) and 21(a)(ii)(ii))						
Interest accreted	1,499,617	5,736,543	7,236,160	1,181,982	5,178,403	6,360,385
Effect of changes in interest rates and other financial assumptions	1,366,606	4,664,023	6,030,629	2,744,863	5,566,721	8,311,584
Effect of measuring changes in estimates at current rates and adjusting CSM at rates on initial recognition	(382,234)	(763,565)	(1,145,799)	(6,415)	(2,209,989)	(2,216,404)
Net foreign exchange loss– profit or loss	(1,241,480)	(51,021)	(1,292,501)	(810,152)	320,346	(489,806)
Net foreign exchange (loss)/gain – OCI	(20,490)	(326)	(20,816)	1,235	6,507	7,742
Total net financial income from retrocession contracts in the statement of profit or loss and OCI	1,222,019	9,585,654	10,807,673	3,111,513	8,861,988	11,973,501
Total net reinsurance finance results in the statement of profit or loss and OCI	(12,683,760)	(127,601,138)	(140,284,898)	1,907,061	(12,329,615)	(10,422,554)

6. NET REINSURANCE FINANCE RESULTS (continued)

	2025			2024		
	Life US$	Non-life US$	Total US$	Life US$	Non-life US$	Total US$
Represented by:						
Amounts recognised in profit or loss	(11,028,666)	(97,031,986)	(108,060,652)	1,336,401	4,431,782	5,768,183
Amounts recognised in OCI	(1,655,094)	(30,569,152)	(32,224,246)	570,660	(16,761,397)	(16,190,737)
	(12,683,760)	(127,601,138)	(140,284,898)	1,907,061	(12,329,615)	(10,422,554)
Summary:						
Net finance expenses from reinsurance contracts issued						
Amounts recognised in profit or loss	(11,286,803)	(102,717,508)	(114,004,311)	964,571	(1,066,967)	(102,396)
Amounts recognised in OCI	(2,618,976)	(34,469,284)	(37,088,260)	(2,169,023)	(20,124,636)	(22,293,659)
	(13,905,779)	(137,186,792)	(151,092,571)	(1,204,452)	(21,191,603)	(22,396,055)
Net finance income from retrocession contracts held						
Amounts recognised in profit or loss	258,137	5,685,522	5,943,659	371,830	5,498,749	5,870,579
Amounts recognised in OCI	963,882	3,900,132	4,864,014	2,739,683	3,363,239	6,102,922
	1,222,019	9,585,654	10,807,673	3,111,513	8,861,988	11,973,501

7. INVESTMENT RETURN

	2025			2024		
	Life US$	Non-life US$	Total US$	Life US$	Non-life US$	Total US$
Investment return – disaggregated by financial statements line item						
Interest revenue on financial assets not measured at FVTPL	6,972,357	85,226,780	92,199,137	3,949,377	82,992,288	86,941,665
Interest revenue on financial assets measured at FVTPL	-	3,532,416	3,532,416	-	3,514,456	3,514,456
Dividend revenue	2,149,124	33,094,002	35,243,126	2,501,280	35,856,307	38,357,587
Net fair value gain on financial assets measured at FVTPL	4,961,286	23,867,207	28,828,493	2,702,679	37,250,426	39,953,105
Net realised gain/(loss) on disposal of financial assets measured at FVOCI	69,116	754,058	823,174	(163,367)	(1,844,980)	(2,008,347)
Net realised loss on disposal of financial assets measured at FVTPL	894,156	(5,285,335)	(4,391,179)	188,646	(24,726,930)	(24,538,284)
Net foreign exchange gain/(loss)	4,087,428	41,334,465	45,421,893	(2,611,870)	(17,303,970)	(19,915,840)
(Impairment loss)/reversal of impairment loss on financial assets measured at FVOCI	(5,735)	(304,560)	(310,295)	53,167	102,122	155,289
Total investment return	19,127,732	182,219,033	201,346,765	6,619,912	115,839,719	122,459,631

8. EXPENSES

	2025 US$	2024 US$
Director fees	326,634	262,623
Employee benefits and other human resources expenses	56,343,670	48,765,399
Depreciation and amortisation	5,705,251	4,982,069
Marketing and advertising	3,022,601	1,961,671
Professional and consultancy	15,220,240	7,758,601
Other administration expenses	18,261,923	15,095,098
Asset management expenses	2,899,377	3,937,838
	101,779,696	82,763,299
Amounts attributed to reinsurance acquisition cash flows	(48,515,672)	(40,159,841)
	53,264,024	42,603,458
Incurred claims and other reinsurance service expenses *(Notes 21(a)(i)(i) & 21(a)(ii)(i))*	1,209,897,714	865,359,629
Losses on onerous reinsurance contracts *(Notes 21(a)(i)(i) & 21(a)(ii)(i))*	21,145,473	10,831,106
Amortisation of reinsurance acquisition cash flows *(Notes 21(a)(i)(i) & 21(a)(ii)(i))*	67,929,090	67,283,791
	1,352,236,301	986,077,984
Represented by:		
Reinsurance service expenses *(Notes 21(a)(i)(i) & 21(a)(ii)(i))*	1,298,972,277	943,474,526
Other operating expenses	53,264,024	42,603,458
	1,352,236,301	986,077,984

9. OTHER FINANCE COSTS

	2025 US$	2024 US$
Finance costs on lease liability	624,251	686,141
Interest expenses	267,333	277,326
	891,584	963,467

10. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/ (crediting):

	2025 US$	2024 US$
Directors' remuneration:		
Fees	326,634	262,623
Salaries and other short-term benefits	4,269,913	4,556,151
Pension contributions	30,844	30,914
	4,627,391	4,849,688
Employee benefits expense (excluding directors' remuneration):		
Wages and salaries	44,779,975	38,053,168
Pension contributions	1,609,471	1,358,024
Others	249,912	862,720
	46,639,358	40,273,912
Auditor's remuneration	1,373,677	871,871
Depreciation of property and equipment	1,490,278	1,274,643
Depreciation of right-of-use assets	2,888,325	2,523,913
Amortisation of intangible assets	1,326,648	1,183,512
Foreign exchange loss/(gain) from reinsurance finance results	43,530,841	(54,894,570)
Other foreign exchange (gain)/loss	(2,582,028)	5,908,847

Directors' remuneration is 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.

11. INCOME TAX

Hong Kong profits tax has been provided at the rate of 8.25% (2024: 8.25%) on the estimated assessable profits arising in Hong Kong during the year.

	Note	2025 US$	2024 US$
Oversea taxation		8,040,543	(249,260)
Hong Kong current tax charge for the year		12,567,581	566,039
Over-provision for Hong Kong in prior years		(472,960)	-
Deferred tax (credit)/charge	22	(1,423,228)	16,498,236
Total tax charge for the year		18,711,936	16,815,015

11. INCOME TAX (continued)

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

2025	Hong Kong		Switzerland		China		Bermuda and BVI		Total	
	US$	%	US$	%	US$	%	US$	%	US$	%
Profit/(loss) before tax	190,192,841		3,334,291		19,700		14,620,184		208,167,016	
Tax at the statutory tax rate	15,690,909	8.25	655,188	19.65	984	5.00	524,873	3.59	16,871,954	8.11
Income not subject to tax	(7,436,450)	(3.91)	-	-	-	-	-	-	(7,436,450)	(3.57)
Expenses not deductible for tax	9,206,647	4.84	-	-	1,092	5.54	-	-	9,207,739	4.42
Temporary difference not recognised in prior year	-	-	-	-	-	-	1,196,841	8.19	1,196,841	0.57
Difference from tax treatment for life business	-	-	-	-	-	-	-	-	-	-
Over-provision in prior year	(472,960)	(0.25)	-	-	-	-	-	-	(472,960)	(0.23)
Tax losses not recognised	-	-	(655,188)	(19.65)	-	-	-	-	(655,188)	(0.31)
Tax expense for the year	16,988,146	8.93	-	-	2,076	10.54	1,721,714	11.78	18,711,936	8.99

2024	Hong Kong		Switzerland		China		Bermuda and BVI		Total	
	US$	%	US$	%	US$	%	US$	%	US$	%
Profit/(loss) before tax	192,044,996		16,608,378		(209,904)		(4,625,101)		203,818,369	
Tax at the statutory tax rate	15,843,712	8.25	3,263,546	19.65	(10,495)	(5.00)	-	-	19,096,763	9.37
Income not subject to tax	(4,305,913)	(2.24)	-	-	-	-	-	-	(4,305,913)	(2.11)
Expenses not deductible for tax	3,912,287	2.04	2,938,071	17.69	1,748	0.83	-	-	6,852,106	3.36
Temporary difference not recognised in prior year	-	-	-	-	-	-	(1,666,950)	(36.04)	(1,666,950)	(0.82)
Difference from tax treatment for life business	351,815	0.18	-	-	-	-	-	-	351,815	0.17
Over-provision in prior year	(249,260)	(0.13)	-	-	-	-	-	-	(249,260)	(0.12)
Tax losses not recognised	-	-	(3,263,546)	(19.65)	-	-	-	-	(3,263,546)	(1.60)
Tax expense for the year	15,552,641	8.10	2,938,071	17.69	(8,747)	(4.17)	(1,666,950)	(36.04)	16,815,015	8.25

12. DIVIDENDS

Dividends to shareholders of the Group attributable to the previous financial year ended 31 December 2024, approved and paid during the year:

	2025 US$	2024 US$
Final dividend of US$0.0416 per share in respect of the previous financial year, approved and paid during the year (2024: Nil)	30,000,000	-

On 28 April 2026, the directors recommended the dividend of US$22.2m in respect of the financial results for the year ended 31 December 2025, subject to the shareholder's approval in the AGM and the regulatory approval from HKIA. The recommended dividend in respect of the financial results for the year ended 31 December 2025 has not been recognised as a liability at the reporting date.

13. INTANGIBLE ASSETS

	Computer software US$
2025	
Cost:	
At 1 January 2025	8,914,505
Additions	830,665
At 31 December 2025	9,745,170
Accumulated amortisation:	
At 1 January 2025	(6,010,554)
Provided during the year	(1,326,648)
At 31 December 2025	(7,337,202)
Net book value:	
At 31 December 2025	2,407,968
2024	
Cost:	
At 1 January 2024	8,798,588
Additions	115,917
At 31 December 2024	8,914,505
Accumulated amortisation:	
At 1 January 2024	(4,827,042)
Provided during the year	(1,183,512)
At 31 December 2024	(6,010,554)
Net book value:	
At 31 December 2024	2,903,951

14. LEASE

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year is as follows:

	Office premise US$
Carrying amount at 1 January 2024	10,556,242
Additions	83,241
Depreciation charge	(2,523,913)
Carrying amount at 31 December 2024 and 1 January 2025	8,115,570
Additions	3,042,562
Depreciation charge	(2,888,325)
Termination	(144,108)
Carrying amount at 31 December 2025	8,125,699

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Note	2025 US$	2024 US$
Carrying amount at beginning of year		9,975,193	11,411,289
New lease		2,916,932	83,241
Accretion of interest recognised during the year		624,251	686,141
Payments		(3,755,266)	(2,205,478)
Termination		(138,202)	-
Carrying amount at end of year	27	9,622,908	9,975,193
Analysed into:			
Current portion		3,562,951	2,869,560
Non-current portion		6,059,957	7,105,633

The maturity analysis of lease liabilities is disclosed in note 29(d) to the financial statements, which is on an undiscounted basis.

The Group had total cash outflows for lease of US$3,755,266 in 2025 (2024: US$2,205,478).

The weighted average incremental borrowing rate applied to the lease liabilities of the Group recognised at 31 December 2025 was 6.1% (2024: 6.6%).

14. LEASE (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 US$	2024 US$
Interest on lease liabilities	624,251	686,141
Depreciation charge of right-of-use assets	2,888,325	2,523,913
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December	63,189	68,734
Total amount recognised in profit or loss	3,575,765	3,278,788

15. GOODWILL

	US$
Cost and net carrying amount	
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	357,250

Goodwill is tested for impairment by comparing the carrying amount of the cash generating unit ("CGU"), including goodwill, to the recoverable amount of that CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the goodwill allocated to that CGU shall be regarded as not impaired. The recoverable amount is the value in use of the CGU unless otherwise stated. With regard to the assessment of value in use, management does not believe there is any impairment on the goodwill.

16. PROPERTY AND EQUIPMENT

	Leasehold improvements US$	Data processing equipment US$	Furniture, fixtures and other equipment US$	Total US$
2025				
Cost:				
At 1 January 2025	5,943,901	930,132	999,503	7,873,536
Additions	356,205	610,203	409,651	1,376,059
At 31 December 2025	6,300,106	1,540,335	1,409,154	9,249,595
Accumulated depreciation:				
At 1 January 2025	(2,783,484)	(766,878)	(575,634)	(4,125,996)
Provided during the year	(1,090,219)	(209,346)	(190,713)	(1,490,278)
At 31 December 2025	(3,873,703)	(976,224)	(766,347)	(5,616,274)
Net book value:				
At 31 December 2025	2,426,403	564,111	642,807	3,633,321

	Leasehold improvements US$	Data processing equipment US$	Furniture, fixtures and other equipment US$	Total US$
2024				
Cost:				
At 1 January 2024	5,943,901	845,326	986,707	7,775,934
Additions	-	84,806	12,796	97,602
At 31 December 2024	5,943,901	930,132	999,503	7,873,536
Accumulated depreciation:				
At 1 January 2024	(1,807,003)	(633,600)	(410,750)	(2,851,353)
Provided during the year	(976,481)	(133,278)	(164,884)	(1,274,643)
At 31 December 2024	(2,783,484)	(766,878)	(575,634)	(4,125,996)
Net book value:				
At 31 December 2024	3,160,417	163,254	423,869	3,747,540

17. INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES

(a) Investment in an associate

	2025 US$	2024 US$
Investment in an associate	14,567,326	14,684,095

Particulars of the associate as of 31 December 2025 is as follows:

Name	Carrying amount US$	Place of incorporation	Principal activity	Type of shares held	Percentage of ownership interest attributable to the Group
EA One Holding, Inc.	14,567,326	USA	Ownership of medical buildings in USA	Ordinary shares	25.48%

As of 31 December 2025, EA One Holding, Inc. ("EA One Holdings") remains as an associate of the Group and is accounted for using equity method.

The following table illustrates the summarised financial information in respect of EA One Holding and reconciliation to the carrying amount in the consolidated financial statements:

	2025 US$'000	2024 US$'000
Total assets	60,006	107,708
Total liabilities	(2,890)	(50,133)
Net assets	57,116	57,575

Reconciliation to the Group's interest in EA One Holdings:

Proportion of the Group's ownership	25.48%	25.48%
Group's share of net assets of the associate, excluding goodwill	14,553	14,670
Goodwill on acquisition	14	14
Carrying amount of the investment	14,567	14,684
Income from rental operation	8,672	9,914
Profit/(Loss) for the year	15,624	(22,367)

17. INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES (continued)

(a) Investment in an associate (continued)

On 26 June 2024, Nagico Holdings Limited ("Nagico") which was previously an associate of the Group, completed the issuance of ordinary shares to its existing majority shareholder by way of shareholder loan conversion and cash. After the completion of the share issuances, the Group's ownership interest in Nagico was diluted to 18.80% and Nagico was no longer considered as an associate. This resulted in a deemed disposal loss of US$425,490 which was included in the other expenses of the 2024 consolidated statement of profit or loss and other comprehensive income.

As of 31 December 2024, the investment in Nagico of US$8,003,559 and the loan to Nagico of US$10,000,000 were reclassified as financial investments at fair value through profit or loss and financial investment at amortised cost, respectively, and accounted for accordingly.

In February 2025, the Group entered into agreements with Nagico and its existing major shareholder to settle the Group's remaining equity interest, outstanding loan and reinsurance receivables at a total consideration of US$30,000,000. The settlement was completed during the year.

17. INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES (continued)

(b) Investment in joint ventures

	2025 US$	2024 US$
Investment in joint ventures	42,419,579	41,606,246

Particulars of the material joint ventures are as follows:

Name	Carrying amount US$	Place of incorporation	Principal activity	Type of shares held	Percentage of ownership interest attributable to the Group
North Head 5 TMK	18,035,174	Japan	Ownership of hotels in Japan	Ordinary shares	35.29%
Wanaka TMK	23,296,468	Japan	Ownership of hotels in Japan	Ordinary shares	49.90%

North Head 5 TMK ("North Head 5") is considered a material joint venture of the Group and is accounted for using the equity method. The following table illustrates the summarised financial information in respect of North Head 5 and reconciliation to the carrying amount in the consolidated financial statements:

	2025 US$'000	2024 US$'000
Total assets	98,270	97,299
Total liabilities	(47,487)	(46,919)
Net assets	50,783	50,380

Reconciliation to the Group's interest in North Head 5:

Proportion of the Group's ownership	35.29%	35.29%
Group's share of net assets of the joint venture, excluding goodwill	17,921	17,779
Goodwill on acquisition	114	114
Carrying amount of the investment	18,035	17,893

17. INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES (continued)

(b) Investment in joint ventures (continued)

The above amounts of assets and liabilities include the following:

	2025 US$'000	2024 US$'000
Cash and cash equivalents	5,232	5,557
Current financial liabilities (excluding trade and other payables and provisions)	(44,416)	(159)
Non-current financial liabilities (excluding trade and other payables and provisions)	-	(43,872)
Income from hotel operation	4,044	4,031
Profit/(loss) for the year	245	(702)
Interest expense	(2,635)	(2,527)
Income tax expense	(8)	(8)

Wanaka TMK ("Wanaka") is considered a material joint venture of the Group and is accounted for using the equity method. The following table illustrates the summarised financial information in respect of Wanaka and reconciliation to the carrying amount in the consolidated financial statements:

	2025 US$'000	2024 US$'000
Total assets	99,141	99,722
Total liabilities	(52,676)	(54,646)
Net assets	46,465	45,076

Reconciliation to the Group's interest in Wanaka:

Proportion of the Group's ownership	49.90%	49.90%
Group's share of net assets of the joint venture, excluding goodwill	23,186	22,493
Goodwill on acquisition	110	110
Carrying amount of the investment	23,296	22,603

17. INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES (continued)

(b) Investment in joint ventures (continued)

The above amounts of assets and liabilities include the following:

	2025 US$'000	2024 US$'000
Cash and cash equivalents	5,883	6,549
Current financial liabilities (excluding trade and other payables and provisions)	(530)	(529)
Non-current financial liabilities (excluding trade and other payables and provisions)	(51,399)	(51,574)
Income from hotel operation	5,889	5,747
Profit for the year	3,299	3,639
Interest expense	(1,430)	(1,100)
Income tax expense	(9)	(7)

In addition to the interests in joint ventures disclosed above, as of 31 December 2025, the Group also has interests in one (31 December 2024: one) individually immaterial joint ventures that are accounted for using the equity method.

	2025 US$'000	2024 US$'000
Aggregate carrying amount of individually immaterial joint ventures	1,088	1,110
Aggregate amounts of the Group's share of:		
(Loss)/ profit from continuing operations	(23)	101
Other comprehensive income	-	-
Total comprehensive income	(23)	101

18. FINANCIAL INVESTMENTS

Financial investments at fair value through other comprehensive income

	As at 31 December 2025 US$	As at 31 December 2024 US$
Listed debt securities, at fair value:		
Hong Kong	43,280,718	162,375,512
Elsewhere	1,999,603,580	1,466,447,103
	2,042,884,298	1,628,822,615
Unlisted debt securities, at fair value	114,053,638	34,539,234
Total debt investments	2,156,937,936	1,663,361,849

During the year, the net fair value change in respect of the Group's financial investments at fair value through other comprehensive income increased the other comprehensive income by US$33,229,622 (2024: decreased by US$7,540,901), of which an decrease of US$1,436,033 (2024: increase of US$2,453,136) was reclassified from other comprehensive income to profit or loss for the year.

As of 31 December 2025, the Group has accumulated ECL allowance of US$423,324 (31 December 2024: US$113,029) for its debt investments measured at fair value through other comprehensive income.

The Group has pledged investments amounted to US$562,034,693 (31 December 2024: US$580,406,317) from the above fair value through other comprehensive income investments to secure certain general and life reinsurance treaties. The Group has also pledged investments amounted to US$22,484,829 (31 December 2024: US$Nil) for margin requirement of the derivative investments.

18. FINANCIAL INVESTMENTS (continued)

Financial investments at fair value through profit or loss

	As at 31 December 2025 US$	As at 31 December 2024 US$
Listed equity shares, at fair value:		
Hong Kong	34,691,274	17,848,931
Elsewhere	5,684,991	-
Listed debt securities, at fair value:		
Elsewhere	3,669,350	928,850
	44,045,615	18,777,781
Unlisted debt securities, at fair value	49,669,463	49,886,771
Unlisted equity shares, at fair value	473,543,965	353,439,247
Unit trusts and mutual funds, at fair value	649,066,160	594,489,750
Total	1,216,325,203	1,016,593,549
Unlisted derivative liabilities, at fair value	(182,918)	-

All the above financial investments were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payment of principal and interest.

During the year, the net unrealised fair value gain of the Group's equity shares, debt securities and derivatives recognised directly in profit or loss amounted to US$28,828,493 (2024: gain of US$39,953,105).

The Group has pledged investments amounted to US$8,054,942 (31 December 2024: US$7,425,382) from the above fair value through profit or loss investments to secure general reinsurance treaties.

18. FINANCIAL INVESTMENTS (continued)

Financial investments at amortised cost

	As at 31 December 2025 US$	As at 31 December 2024 US$
Unlisted debt instrument, at amortised cost	-	10,000,000

The debt instrument was secured by properties owned by the issuer. No ECL was recorded for the debt instrument. During the year, the debt instrument was settled and no ECL was reclassified to profit and loss from the settlement.

19. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	2025 US$	2024 US$
Interest, dividend and other investment receivables	21,174,263	19,861,687
Deposits, prepayments and other receivables	33,067,241	18,234,826
	54,241,504	38,096,513

The balances mainly comprise cash in-transit from the declared investment return and investment disposal, and other financial receivables that have short duration and are subject to insignificant credit risk of changes in value. As at 31 December 2025, there is no ECL recorded for these financial receivables (31 December 2024: Nil).

20. CASH AND CASH EQUIVALENTS AND CASH COLLATERALS

	2025 US$	2024 US$
Fixed and saving deposits	362,171,150	581,451,310
Cash at banks	1,033,027	724,334
Cash held by investment managers	86,165,801	863,470
	449,369,978	583,039,114
Less: Cash collaterals	(143,291,981)	(200,288,092)
Cash and cash equivalents	306,077,997	382,751,022

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Group has pledged cash amounted to US$143,291,981 (31 December 2024: US$200,288,092) from the above cash and cash balances to secure letter of credit facility and certain reinsurance treaties. The bank balances and deposits are deposited with creditworthy banks with no recent history of default and subject to insignificant credit risk of changes in value. The carrying amounts of the cash and bank balances reasonably approximate to their fair values.

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/LIABILITIES

	Notes	2025			2024		
		Assets US$	Liabilities US$	Total US$	Assets US$	Liabilities US$	Total US$
Reinsurance contracts							
Life	(a)(i)(i)	23,894,021	(258,863,627)	(234,969,606)	12,222,290	(214,279,635)	(202,057,345)
Non-life	(a)(ii)(i)	78,860,393	(2,256,272,108)	(2,177,411,715)	110,853,939	(2,046,142,906)	(1,935,288,967)
Total reinsurance contracts		102,754,414	(2,515,135,735)	(2,412,381,321)	123,076,229	(2,260,422,541)	(2,137,346,312)
Retrocession contracts							
Life	(a)(i)(ii)	69,545,774	(8,596,834)	60,948,940	67,943,336	(7,992,376)	59,950,960
Non-life	(a)(ii)(ii)	165,297,336	(21,973,808)	143,323,528	193,221,121	(23,701,760)	169,519,361
Total retrocession contracts		234,843,110	(30,570,642)	204,272,468	261,164,457	(31,694,136)	229,470,321

At 31 December 2025, the maximum exposure to credit risk from reinsurance contracts is US$1,444,811,628 (2024: US$1,179,689,643), which primarily relates to premium receivables for services that the Group has already provided, and the maximum exposure to credit risk from retrocession contracts is US$406,318,626 (2024: US$539,466,901).

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances

(i) Life risk

(i) Reinsurance contracts

Analysis by remaining coverage and incurred claims

		2025				2024			
	Notes	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims	
Life Risk – Reinsurance contracts issued		Excluding loss component US$	Loss component US$	US$	Total US$	Excluding loss component US$	Loss component US$	US$	Total US$
Opening assets		84,363,812	(9,104,757)	(63,036,765)	12,222,290	52,724,801	(16,852,004)	(19,869,271)	16,003,526
Opening liabilities		(31,870,743)	(41,373,640)	(141,035,252)	(214,279,635)	(147,112,246)	(66,218,541)	(62,731,143)	(276,061,930)
Net opening balance		52,493,069	(50,478,397)	(204,072,017)	(202,057,345)	(94,387,445)	(83,070,545)	(82,600,414)	(260,058,404)
Changes in the statement of profit or loss and OCI									
Reinsurance revenue	5	112,373,537	-	-	112,373,537	94,093,808	-	-	94,093,808
Reinsurance service expenses									
Incurred claims and other reinsurance service expenses	8	-	21,818,791	(126,012,823)	(104,194,032)	-	40,521,160	(130,043,092)	(89,521,932)
Amortisation of reinsurance acquisition cash flows	8	(477,263)	-	-	(477,263)	(744,338)	-	-	(744,338)
Losses and reversal of losses on onerous contracts	8	-	(4,695,176)	-	(4,695,176)	-	(2,184,007)	-	(2,184,007)
Adjustments to liabilities for incurred claims	8	-	-	19,613,849	19,613,849	-	-	7,995,007	7,995,007
		(477,263)	17,123,615	(106,398,974)	(89,752,622)	(744,338)	38,337,153	(122,048,085)	(84,455,270)
Investment components		90,032,025	-	(90,032,025)	-	183,755,684	-	(183,755,684)	-
Reinsurance service result		201,928,299	17,123,615	(196,430,999)	22,620,915	277,105,154	38,337,153	(305,803,769)	9,638,538

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances (continued)

(i) Life risk (continued)

(i) Reinsurance contracts (continued)

Analysis by remaining coverage and incurred claims (continued)

		2025				2024			
	Notes	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims	
Life Risk – Reinsurance contracts issued		Excluding loss component US$	Loss component US$	US$	Total US$	Excluding loss component US$	Loss component US$	US$	Total US$
Net finance expenses from reinsurance contracts issued	6	(1,434,994)	(2,260,761)	(4,942,431)	(8,638,186)	7,593,403	(4,728,547)	(10,040,734)	(7,175,878)
Effect of movement in exchange rates	6	1,891,354	2,017,699	(9,176,646)	(5,267,593)	1,539,195	(1,016,458)	5,448,689	5,971,426
	6	456,360	(243,062)	(14,119,077)	(13,905,779)	9,132,598	(5,745,005)	(4,592,045)	(1,204,452)
Total changes in the statement of profit or loss and OCI		202,384,659	16,880,553	(210,550,076)	8,715,136	286,237,752	32,592,148	(310,395,814)	8,434,086
Cash flows									
Premium received		(167,476,903)	-	-	(167,476,903)	(169,056,320)	-	-	(169,056,320)
Claims and other reinsurance service expenses paid		-	-	109,850,740	109,850,740	-	-	188,924,211	188,924,211
Reinsurance acquisition cash flows		15,998,766	-	-	15,998,766	29,699,082	-	-	29,699,082
Total cash flows		(151,478,137)	-	109,850,740	(41,627,397)	(139,357,238)	-	188,924,211	49,566,973
Net closing balance		103,399,591	(33,597,844)	(304,771,353)	(234,969,606)	52,493,069	(50,478,397)	(204,072,017)	(202,057,345)
Closing reinsurance contract assets		101,104,978	(2,416,135)	(74,794,822)	23,894,021	84,363,812	(9,104,757)	(63,036,765)	12,222,290
Closing reinsurance contract liabilities		2,294,613	(31,181,709)	(229,976,531)	(258,863,627)	(31,870,743)	(41,373,640)	(141,035,252)	(214,279,635)
Net closing balance		103,399,591	(33,597,844)	(304,771,353)	(234,969,606)	52,493,069	(50,478,397)	(204,072,017)	(202,057,345)

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances (continued)

(i) Life risk (continued)

(i) Reinsurance contracts (continued)

Analysis by measurement component

		2025				2024			
Life Risk – Reinsurance contracts issued	Notes	Estimates of PV of future cash flows US$	Risk adjustment for non-financial risk US$	CSM US$	Total US$	Estimates of PV of future cash flows US$	Risk adjustments for non-financial risk US$	CSM US$	Total US$
Opening assets		54,472,972	(9,921,769)	(32,328,913)	12,222,290	32,300,174	(1,900,849)	(14,395,799)	16,003,526
Opening liabilities		(150,919,075)	(15,358,750)	(48,001,810)	(214,279,635)	(180,879,433)	(18,346,770)	(76,835,727)	(276,061,930)
Net opening balance		(96,446,103)	(25,280,519)	(80,330,723)	(202,057,345)	(148,579,259)	(20,247,619)	(91,231,526)	(260,058,404)
Changes in the statement of profit or loss and OCI									
Changes that relate to current services:									
CSM recognised for services provided	5	-	-	19,747,342	19,747,342	-	-	18,581,656	18,581,656
Change in risk adjustment for non-financial risk expired		-	1,753,395	-	1,753,395	-	(489,063)	-	(489,063)
Experience adjustments that relate to estimates of cash flows		(7,211,540)	-	-	(7,211,540)	(18,616,291)	-	-	(18,616,291)
Changes that relate to future services:									
Contracts initially recognised in the year		20,349,445	(2,611,443)	(18,716,941)	(978,939)	16,593,501	(3,697,000)	(12,896,501)	-
Changes in estimates that adjust the CSM		16,392,408	(1,484,516)	(14,907,892)	-	(9,929,073)	4,485,180	5,443,893	-
Changes in estimates that do not adjust the CSM		(4,253,984)	537,747	-	(3,716,237)	2,480,876	(4,664,883)	-	(2,184,007)
Changes that relate to past services:									
Adjustments to liabilities for incurred claims		16,894,898	2,718,951	-	19,613,849	7,342,747	652,260	-	7,995,007
Reinsurance premium experience adjustments	5	(6,586,955)	-	-	(6,586,955)	4,351,236	-	-	4,351,236
Reinsurance service result		35,584,272	914,134	(13,877,491)	22,620,915	2,222,996	(3,713,506)	11,129,048	9,638,538
Net finance expenses from reinsurance contracts issued	6	(6,263,007)	(469,297)	(1,905,882)	(8,638,186)	(2,788,290)	(2,009,320)	(2,378,268)	(7,175,878)
Effect of movement in exchange rates	6	1,213,905	(2,519,331)	(3,962,167)	(5,267,593)	3,131,477	689,926	2,150,023	5,971,426

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances (continued)

(i) Life risk (continued)

(i) Reinsurance contracts (continued)

Analysis by measurement component (continued)

	2025				2024			
Life Risk – Reinsurance contracts issued	Estimates of PV of future cash flows US$	Risk adjustment for non-financial risk US$	CSM US$	Total US$	Estimates of PV of future cash flows US$	Risk adjustments for non-financial risk US$	CSM US$	Total US$
Total changes in statement of profit or loss and OCI	30,535,170	(2,074,494)	(19,745,540)	8,715,136	2,566,183	(5,032,900)	10,900,803	8,434,086
Cash flows	(41,627,397)	-	-	(41,627,397)	49,566,973	-	-	49,566,973
Net closing balance	(107,538,330)	(27,355,013)	(100,076,263)	(234,969,606)	(96,446,103)	(25,280,519)	(80,330,723)	(202,057,345)
Closing reinsurance contract assets	89,501,494	(15,140,280)	(50,467,193)	23,894,021	54,472,972	(9,921,769)	(32,328,913)	12,222,290
Closing reinsurance contract liabilities	(197,039,824)	(12,214,733)	(49,609,070)	(258,863,627)	(150,919,075)	(15,358,750)	(48,001,810)	(214,279,635)
Net closing balance	(107,538,330)	(27,355,013)	(100,076,263)	(234,969,606)	(96,446,103)	(25,280,519)	(80,330,723)	(202,057,345)

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances (continued)

(i) Life risk (continued)

(ii) Retrocession contracts

Analysis by remaining coverage and incurred claims

	2025				2024			
	Assets for remaining coverage		Assets for incurred claims		Assets for remaining coverage		Assets for incurred claims	
Life Risk – Retrocession contracts held	Excluding loss recovery component US$	Loss recovery component US$	US$	Total US$	Excluding loss recovery component US$	Loss recovery component US$	US$	Total US$
Opening assets	33,402,255	30,113,978	4,427,103	67,943,336	26,355,493	33,625,956	5,636,380	65,617,829
Opening liabilities	(20,919,379)	798,333	12,128,670	(7,992,376)	(16,747,380)	2,134,752	8,005,366	(6,607,262)
Net opening balance	12,482,876	30,912,311	16,555,773	59,950,960	9,608,113	35,760,708	13,641,746	59,010,567
Changes in the statement of profit or loss and OCI								
Allocation of retrocession premium adjustment/ (paid)	531,703	-	-	531,703	(9,747,985)	-	-	(9,747,985)
Amounts recoverable from retrocessionaires								
Recovery of incurred claims and other reinsurance service expenses	-	-	6,224,637	6,224,637	-	-	11,414,206	11,414,206
Changes in estimates that relate to losses and reversal of losses in onerous underlying contracts	-	(5,627,687)	-	(5,627,687)	-	(4,562,874)	-	(4,562,874)
Adjustments to assets for incurred claims	-	-	(747,966)	(747,966)	-	-	3,650,072	3,650,072
	-	(5,627,687)	5,476,671	(151,016)	-	(4,562,874)	15,064,278	10,501,404
Investment components and premium refunds	(41,413,980)	-	41,413,980	-	-	-	-	-
Effect of changes in non-performance risk of retrocessionaires	(56,065)	-	28,554	(27,511)	51,926	-	(26,613)	25,313
Net income from retrocession contracts	(40,938,342)	(5,627,687)	46,919,205	353,176	(9,696,059)	(4,562,874)	15,037,665	778,732

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances (continued)

(i) Life risk (continued)

(ii) Retrocession contracts (continued)

Analysis by remaining coverage and incurred claims (continued)

		2025				2024			
	Notes	Assets for remaining coverage		Assets for incurred claims		Assets for remaining coverage		Assets for incurred claims	
Life Risk – Retrocession contracts held		Excluding loss recovery component US$	Loss recovery component US$	US$	Total US$	Excluding loss recovery component US$	Loss recovery component US$	US$	Total US$
Net finance income from retrocession contracts held	6	599,059	1,750,173	134,757	2,483,989	3,098,773	602,732	218,925	3,920,430
Effect of movement in exchange rates	6	(241,378)	(1,234,074)	213,482	(1,261,970)	410,967	(888,255)	(331,629)	(808,917)
	6	357,681	516,099	348,239	1,222,019	3,509,740	(285,523)	(112,704)	3,111,513
Total changes in statement of profit or loss and OCI		(40,580,661)	(5,111,588)	47,267,444	1,575,195	(6,186,319)	(4,848,397)	14,924,961	3,890,245
Cash flows									
Premium paid		6,364,272	-	-	6,364,272	9,061,082	-	-	9,061,082
Claims recovery received		-	-	(6,941,487)	(6,941,487)	-	-	(12,010,934)	(12,010,934)
Total cash flows		6,364,272	-	(6,941,487)	(577,215)	9,061,082	-	(12,010,934)	(2,949,852)
Net closing balance		(21,733,513)	25,800,723	56,881,730	60,948,940	12,482,876	30,912,311	16,555,773	59,950,960
Closing retrocession contract assets		(4,355,100)	25,800,723	48,100,151	69,545,774	33,402,255	30,113,978	4,427,103	67,943,336
Closing retrocession contract liabilities		(17,378,413)	-	8,781,579	(8,596,834)	(20,919,379)	798,333	12,128,670	(7,992,376)
Net closing balance		(21,733,513)	25,800,723	56,881,730	60,948,940	12,482,876	30,912,311	16,555,773	59,950,960

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances (continued)

(i) Life risk (continued)

(ii) Retrocession contracts (continued)

Analysis by measurement component

		2025				2024			
Life Risk – Retrocession contracts held	Notes	Estimates of PV of future cash flows US$	Risk adjustment for non-financial risk US$	CSM US$	Total US$	Estimates of PV of future cash flows US$	Risk adjustments for non-financial risk US$	CSM US$	Total US$
Opening assets		71,671,569	733,179	(4,461,412)	67,943,336	71,023,733	615,052	(6,020,956)	65,617,829
Opening liabilities		(3,027,798)	95,487	(5,060,065)	(7,992,376)	(1,502,572)	24,505	(5,129,195)	(6,607,262)
Net opening balance		68,643,771	828,666	(9,521,477)	59,950,960	69,521,161	639,557	(11,150,151)	59,010,567
Changes in the statement of profit or loss and OCI									
Changes that relate to current services:									
CSM recognised for services provided		-	-	5,594,694	5,594,694	-	-	2,655,773	2,655,773
Change in risk adjustment for non-financial risk expired		-	(30,755)	-	(30,755)	-	(35,114)	-	(35,114)
Experience adjustments that relate to estimates of cash flows		990,834	-	-	990,834	(955,208)	-	-	(955,208)
Changes that relate to future services:									
Contracts initially recognised in the year		(1,034,472)	19,503	1,014,969	-	(3,693,812)	35,339	3,658,473	-
Changes in estimates that adjust the CSM		(1,662,512)	143,133	1,519,379	-	(1,564,780)	154,427	1,410,353	-
Changes in recoveries of losses on onerous underlying contracts that adjust CSM		-	-	(5,627,687)	(5,627,687)	-	-	(4,562,874)	(4,562,874)
Changes that relate to past services:									
Adjustments to assets for incurred claims		(637,703)	(110,263)	-	(747,966)	3,655,561	(5,489)	-	3,650,072
Retrocession premium experience adjustment		201,567	-	-	201,567	770	-	-	770
Effect of changes in non-performance risk of retrocessionaires		(27,511)	-	-	(27,511)	25,313	-	-	25,313
Net income from retrocession contracts		(2,169,797)	21,618	2,501,355	353,176	(2,532,156)	149,163	3,161,725	778,732
Net finance income from retrocession contracts held	6	2,909,622	43,012	(468,645)	2,483,989	5,407,135	58,055	(1,544,760)	3,920,430
Effect of movement in exchange rates	6	(1,376,443)	(29,606)	144,079	(1,261,970)	(802,517)	(18,109)	11,709	(808,917)

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances (continued)

(i) Life risk (continued)

(ii) Retrocession contracts (continued)

Analysis by measurement component (continued)

	2025				2024			
Life Risk – Retrocession contracts held	Estimates of PV of future cash flows US$	Risk adjustment for non-financial risk US$	CSM US$	Total US$	Estimates of PV of future cash flows US$	Risk adjustments for non-financial risk US$	CSM US$	Total US$
Total changes in the statement of profit or loss and OCI	(636,618)	35,024	2,176,789	1,575,195	2,072,462	189,109	1,628,674	3,890,245
Cash flows	(577,215)	-	-	(577,215)	(2,949,852)	-	-	(2,949,852)
Net closing balance	67,429,938	863,690	(7,344,688)	60,948,940	68,643,771	828,666	(9,521,477)	59,950,960
Closing retrocession contract assets	71,541,618	769,944	(2,765,788)	69,545,774	71,671,569	733,179	(4,461,412)	67,943,336
Closing retrocession contract liabilities	(4,111,680)	93,746	(4,578,900)	(8,596,834)	(3,027,798)	95,487	(5,060,065)	(7,992,376)
Net closing balance	67,429,938	863,690	(7,344,688)	60,948,940	68,643,771	828,666	(9,521,477)	59,950,960

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances (continued)

(ii) Non-life risk

(i) Reinsurance contracts

Analysis by remaining coverage and incurred claims

		2025				2024			
	Notes	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims	
Non-life Risk – Reinsurance contracts issued		Excluding loss component US$	Loss component US$	US$	Total US$	Excluding loss component US$	Loss component US$	US$	Total US$
Opening assets		232,916,610	(306,398)	(121,756,273)	110,853,939	335,770,281	(498,197)	(224,572,229)	110,699,855
Opening liabilities		361,014,093	(8,794,247)	(2,398,362,752)	(2,046,142,906)	561,253,636	(6,756,431)	(2,620,472,897)	(2,065,975,692)
Net opening balance		593,930,703	(9,100,645)	(2,520,119,025)	(1,935,288,967)	897,023,917	(7,254,628)	(2,845,045,126)	(1,955,275,837)
Changes in the statement of profit or loss and OCI									
Reinsurance revenue	5	1,422,822,304	-	-	1,422,822,304	1,062,066,302	-	-	1,062,066,302
Reinsurance service expenses									
Incurred claims and other reinsurance service expenses	8	-	18,581,887	(1,050,357,120)	(1,031,775,233)	-	5,717,722	(796,719,096)	(791,001,374)
Amortisation of reinsurance acquisition cash flows	8	(67,451,827)	-	-	(67,451,827)	(66,539,453)	-	-	(66,539,453)
Losses and reversal of losses on onerous contracts	8	-	(16,450,297)	-	(16,450,297)	-	(8,647,099)	-	(8,647,099)
Adjustments to liabilities for incurred claims	8	-	-	(93,542,298)	(93,542,298)	-	-	7,168,670	7,168,670
		(67,451,827)	2,131,590	(1,143,899,418)	(1,209,219,655)	(66,539,453)	(2,929,377)	(789,550,426)	(859,019,256)
Investment components		(39,387,506)	-	39,387,506	-	99,706,895	-	(99,706,895)	-
Reinsurance service result		1,315,982,971	2,131,590	(1,104,511,912)	213,602,649	1,095,233,744	(2,929,377)	(889,257,321)	203,047,046

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances (continued)

(ii) Non-life risk (continued)

(i) Reinsurance contracts (continued)

Analysis by remaining coverage and incurred claims (continued)

		2025				2024			
	Notes	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims	
Non-life Risk – Reinsurance contracts issued		Excluding loss component US$	Loss component US$	US$	Total US$	Excluding loss component US$	Loss component US$	US$	Total US$
Net finance expenses from reinsurance contracts issued	6	10,577,234	(401,813)	(110,043,876)	(99,868,455)	13,484,749	517,634	(84,428,256)	(70,425,873)
Effect of movement in exchange rates	6	5,943,355	(134,294)	(43,127,398)	(37,318,337)	(4,248,028)	565,726	52,916,572	49,234,270
	6	16,520,589	(536,107)	(153,171,274)	(137,186,792)	9,236,721	1,083,360	(31,511,684)	(21,191,603)
Total changes in the statement of profit or loss and OCI		1,332,503,560	1,595,483	(1,257,683,186)	76,415,857	1,104,470,465	(1,846,017)	(920,769,005)	181,855,443
Cash flows									
Premium received		(1,643,205,746)	-	-	(1,643,205,746)	(1,867,629,781)	-	-	(1,867,629,781)
Claims and other reinsurance service expenses paid		-	-	928,933,878	928,933,878	-	-	1,245,695,106	1,245,695,106
Reinsurance acquisition cash flows		395,733,263	-	-	395,733,263	460,066,102	-	-	460,066,102
Total cash flows		(1,247,472,483)	-	928,933,878	(318,538,605)	(1,407,563,679)	-	1,245,695,106	(161,868,573)
Net closing balance		678,961,780	(7,505,162)	(2,848,868,333)	(2,177,411,715)	593,930,703	(9,100,645)	(2,520,119,025)	(1,935,288,967)
Closing reinsurance contract assets		247,342,725	(877,544)	(167,604,788)	78,860,393	232,916,610	(306,398)	(121,756,273)	110,853,939
Closing reinsurance contract liabilities		431,619,055	(6,627,618)	(2,681,263,545)	(2,256,272,108)	361,014,093	(8,794,247)	(2,398,362,752)	(2,046,142,906)
Net closing balance		678,961,780	(7,505,162)	(2,848,868,333)	(2,177,411,715)	593,930,703	(9,100,645)	(2,520,119,025)	(1,935,288,967)

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances (continued)

(ii) Non-life risk (continued)

(i) Reinsurance contracts (continued)

Analysis by measurement component

		2025				2024			
Non-life Risk – Reinsurance contracts issued	Notes	Estimates of PV of future cash flows US$	Risk adjustment for non-financial risk US$	CSM US$	Total US$	Estimates of PV of future cash flows US$	Risk adjustments for non-financial risk US$	CSM US$	Total US$
Opening assets		154,852,494	(19,541,198)	(24,457,357)	110,853,939	167,936,624	(20,422,358)	(36,814,411)	110,699,855
Opening liabilities		(1,812,614,636)	(191,309,728)	(42,218,542)	(2,046,142,906)	(1,835,195,446)	(188,184,051)	(42,596,195)	(2,065,975,692)
Net opening balance		(1,657,762,142)	(210,850,926)	(66,675,899)	(1,935,288,967)	(1,667,258,822)	(208,606,409)	(79,410,606)	(1,955,275,837)
Changes in the statement of profit or loss and OCI									
Changes that relate to current services:									
CSM recognised for services provided	5	-	-	292,246,193	292,246,193	-	-	167,985,852	167,985,852
Change in risk adjustment for non-financial risk expired		-	10,398,423	-	10,398,423	-	(510,459)	-	(510,459)
Experience adjustments that relate to estimates of cash flows		(105,261,509)	-	-	(105,261,509)	(27,885,287)	-	-	(27,885,287)
Changes that relate to future services:									
Contracts initially recognised in the year		243,007,715	(61,682,310)	(182,252,893)	(927,488)	190,023,741	(42,437,230)	(148,993,178)	(1,406,667)
Changes in estimates that adjust the CSM		150,343,781	(15,499,621)	(134,844,160)	-	12,172,748	(10,725,663)	(1,447,085)	-
Changes in estimates that do not adjust the CSM		(16,599,533)	1,076,724	-	(15,522,809)	(7,523,939)	283,507	-	(7,240,432)
Changes that relate to past services:									
Adjustments to liabilities for incurred claims		(148,337,083)	54,794,785	-	(93,542,298)	(39,179,980)	46,348,650	-	7,168,670
Reinsurance premium experience adjustments	5	126,212,137	-	-	126,212,137	64,935,369	-	-	64,935,369
Reinsurance service result		249,365,508	(10,911,999)	(24,850,860)	213,602,649	192,542,652	(7,041,195)	17,545,589	203,047,046
Net finance expenses from reinsurance contracts issued	6	(81,375,081)	(11,627,515)	(6,865,859)	(99,868,455)	(56,939,160)	(7,814,804)	(5,671,909)	(70,425,873)
Effect of movement in exchange rates	6	(29,817,835)	(4,026,141)	(3,474,361)	(37,318,337)	35,761,761	12,611,482	861,027	49,234,270

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances (continued)

(ii) Non-life risk (continued)

(i) Reinsurance contracts (continued)

Analysis by measurement component (continued)

	2025				2024			
Non-life Risk – Reinsurance contracts issued	Estimates of PV of future cash flows US$	Risk adjustment for non-financial risk US$	CSM US$	Total US$	Estimates of PV of future cash flows US$	Risk adjustments for non-financial risk US$	CSM US$	Total US$
Total changes in the statement of profit or loss and OCI	138,172,592	(26,565,655)	(35,191,080)	76,415,857	171,365,253	(2,244,517)	12,734,707	181,855,443
Cash flows	(318,538,605)	-	-	(318,538,605)	(161,868,573)	-	-	(161,868,573)
Net closing balance	(1,838,128,155)	(237,416,581)	(101,866,979)	(2,177,411,715)	(1,657,762,142)	(210,850,926)	(66,675,899)	(1,935,288,967)
Closing reinsurance contract assets	139,109,919	(27,151,296)	(33,098,230)	78,860,393	154,852,494	(19,541,198)	(24,457,357)	110,853,939
Closing reinsurance contract liabilities	(1,977,238,074)	(210,265,285)	(68,768,749)	(2,256,272,108)	(1,812,614,636)	(191,309,728)	(42,218,542)	(2,046,142,906)
Net closing balance	(1,838,128,155)	(237,416,581)	(101,866,979)	(2,177,411,715)	(1,657,762,142)	(210,850,926)	(66,675,899)	(1,935,288,967)

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances (continued)

(ii) Non-life risk (continued)

(ii) Retrocession contracts

Analysis by remaining coverage and incurred claims

	2025				2024			
	Assets for remaining coverage		Assets for incurred claims		Assets for remaining coverage		Assets for incurred claims	
Non-life Risk – Retrocession contracts held	Excluding loss recovery component US$	Loss recovery component US$	US$	Total US$	Excluding loss recovery component US$	Loss recovery component US$	US$	Total US$
Opening assets	(48,978,927)	280,465	241,919,583	193,221,121	(206,447,098)	298,361	523,563,275	317,414,538
Opening liabilities	(161,645,141)	195,806	137,747,575	(23,701,760)	(58,483,973)	113,566	23,410,460	(34,959,947)
Net opening balance	(210,624,068)	476,271	379,667,158	169,519,361	(264,931,071)	411,927	546,973,735	282,454,591
Changes in the statement of profit or loss and OCI								
Allocation of retrocession premium paid	(263,900,029)	-	-	(263,900,029)	(222,593,593)	-	-	(222,593,593)
Amounts recoverable from retrocessionaires								
Recovery of incurred claims and other reinsurance service expenses	-	-	219,222,354	219,222,354	(469,137)	-	157,053,593	156,584,456
Changes in estimates that relate to losses and reversal of losses in onerous underlying contracts	-	1,082,255	-	1,082,255	-	118,508	-	118,508
Adjustments to assets for incurred claims	-	-	(30,163,426)	(30,163,426)	-	-	(2,868,146)	(2,868,146)
	-	1,082,255	189,058,928	190,141,183	(469,137)	118,508	154,185,447	153,834,818
Investment components and premium refunds	(324,386)	-	324,386	-	494,817	-	(494,817)	-
Effect of changes in non-performance risk of retrocessionaires	110,359	-	(45,998)	64,361	133,584	-	(356,425)	(222,841)
Net expenses from retrocession contracts	(264,114,056)	1,082,255	189,337,316	(73,694,485)	(222,434,329)	118,508	153,334,205	(68,981,616)

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances (continued)

(ii) Non-life risk (continued)

(ii) Retrocession contracts (continued)

Analysis by remaining coverage and incurred claims (continued)

		2025				2024			
	Notes	Assets for remaining coverage		Assets for incurred claims		Assets for remaining coverage		Assets for incurred claims	
Non-life Risk – Retrocession contracts held		Excluding loss recovery component US$	Loss recovery component US$	US$	Total US$	Excluding loss recovery component US$	Loss recovery component US$	US$	Total US$
Net finance income from retrocession contracts held	6	(655,734)	31,157	10,261,578	9,637,001	(773,687)	(116,621)	9,425,443	8,535,135
Effect of movement in exchange rates	6	(2,872,968)	(642,163)	3,463,784	(51,347)	3,388,065	62,457	(3,123,669)	326,853
	6	(3,528,702)	(611,006)	13,725,362	9,585,654	2,614,378	(54,164)	6,301,774	8,861,988
Total changes in statement of profit or loss and OCI		(267,642,758)	471,249	203,062,678	(64,108,831)	(219,819,951)	64,344	159,635,979	(60,119,628)
Cash flows									
Premium paid		249,674,915	-	-	249,674,915	274,126,954	-	-	274,126,954
Claims recovery received		-	-	(211,761,917)	(211,761,917)	-	-	(326,942,556)	(326,942,556)
Total cash flows		249,674,915	-	(211,761,917)	37,912,998	274,126,954	-	(326,942,556)	(52,815,602)
Net closing balance		(228,591,911)	947,520	370,967,919	143,323,528	(210,624,068)	476,271	379,667,158	169,519,361
Closing retrocession contract assets		(192,743,129)	915,148	357,125,317	165,297,336	(48,978,927)	280,465	241,919,583	193,221,121
Closing retrocession contract liabilities		(35,848,782)	32,372	13,842,602	(21,973,808)	(161,645,141)	195,806	137,747,575	(23,701,760)
Net closing balance		(228,591,911)	947,520	370,967,919	143,323,528	(210,624,068)	476,271	379,667,158	169,519,361

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances (continued)

(ii) Non-life risk (continued)

(ii) Retrocession contracts (continued)

Analysis by measurement component

		2025				2024			
Non-life Risk – Retrocession contracts held	Notes	Estimates of PV of future cash flows US$	Risk adjustment for non-financial risk US$	CSM US$	Total US$	Estimates of PV of future cash flows US$	Risk adjustments for non-financial risk US$	CSM US$	Total US$
Opening assets		176,879,335	16,039,228	302,558	193,221,121	297,222,522	14,594,654	5,597,362	317,414,538
Opening liabilities		(34,200,513)	1,657,522	8,841,231	(23,701,760)	(40,991,319)	2,169,797	3,861,575	(34,959,947)
Net opening balance		142,678,822	17,696,750	9,143,789	169,519,361	256,231,203	16,764,451	9,458,937	282,454,591
Changes in the statement of profit or loss and OCI									
Changes that relate to current services:									
CSM recognised for services provided		-	-	(51,257,000)	(51,257,000)	-	-	(51,021,494)	(51,021,494)
Change in risk adjustment for non-financial risk expired		-	(410,172)	-	(410,172)	-	(1,705,601)	-	(1,705,601)
Experience adjustments that relate to estimates of cash flows		16,482,470	-	-	16,482,470	(6,662,758)	-	-	(6,662,758)
Changes that relate to future services:									
Contracts initially recognised in the year		(65,706,537)	13,174,059	52,675,819	143,341	(52,068,993)	2,285,681	50,009,803	226,491
Changes in estimates that adjust the CSM		3,357,102	1,155,663	(4,512,765)	-	125,993	826,780	(952,773)	-
Changes in recoveries of losses on onerous underlying contracts that adjust CSM		-	-	938,914	938,914	-	-	(107,983)	(107,983)
Changes that relate to past services:									
Adjustments to assets for incurred claims		(26,913,167)	(3,250,259)	-	(30,163,426)	(1,891,406)	(976,740)	-	(2,868,146)
Ceding premium experience adjustments		(9,492,973)	-	-	(9,492,973)	(6,619,284)	-	-	(6,619,284)
Effect of changes in non-performance risk of retrocessionaires		64,361	-	-	64,361	(222,841)	-	-	(222,841)
Net expense from retrocession contracts		(82,208,744)	10,669,291	(2,155,032)	(73,694,485)	(67,339,289)	430,120	(2,072,447)	(68,981,616)
Net finance income from retrocession contracts held	6	6,907,010	1,046,249	1,683,742	9,637,001	6,301,939	515,636	1,717,560	8,535,135
Effect of movement in exchange rates	6	(129,457)	48,538	29,572	(51,347)	300,571	(13,457)	39,739	326,853

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(a) Movement in reinsurance and retrocession contract balances (continued)

(ii) Non-life risk (continued)

(ii) Retrocession contracts (continued)

Analysis by measurement component (continued)

	2025				2024			
Non-life Risk – Retrocession contracts held	Estimates of PV of future cash flows US$	Risk adjustment for non-financial risk US$	CSM US$	Total US$	Estimates of PV of future cash flows US$	Risk adjustments for non-financial risk US$	CSM US$	Total US$
Total changes in the statement of profit or loss and OCI	(75,431,191)	11,764,078	(441,718)	(64,108,831)	(60,736,779)	932,299	(315,148)	(60,119,628)
Cash flows	37,912,998	-	-	37,912,998	(52,815,602)	-	-	(52,815,602)
Net closing balance	105,160,629	29,460,828	8,702,071	143,323,528	142,678,822	17,696,750	9,143,789	169,519,361
Closing retrocession contract assets	133,777,174	28,112,118	3,408,044	165,297,336	176,879,335	16,039,228	302,558	193,221,121
Closing retrocession contract liabilities	(28,616,545)	1,348,710	5,294,027	(21,973,808)	(34,200,513)	1,657,522	8,841,231	(23,701,760)
Net closing balance	105,160,629	29,460,828	8,702,071	143,323,528	142,678,822	17,696,750	9,143,789	169,519,361

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(b) Effect of contracts initially recognised in the year

(i) Life risk

(i) Reinsurance contracts

	2025			2024		
	Profitable contracts issued US$	Onerous contracts issued US$	Total US$	Profitable contracts issued US$	Onerous contracts issued US$	Total US$
Insurance acquisition cash flows	(707,797)	(646,024)	(1,353,821)	(4,628,994)	-	(4,628,994)
Claims and other reinsurance service expenses	(148,180,443)	(33,022,941)	(181,203,384)	(197,243,475)	-	(197,243,475)
Estimates of the present value of cash outflows	(148,888,240)	(33,668,965)	(182,557,205)	(201,872,469)	-	(201,872,469)
Estimates of the present value of cash inflows	169,541,704	33,364,946	202,906,650	218,465,970	-	218,465,970
Risks adjustment for non-financial risk	(1,936,523)	(674,920)	(2,611,443)	(3,697,000)	-	(3,697,000)
CSM	(18,716,941)	-	(18,716,941)	(12,896,501)	-	(12,896,501)
Losses recognised on initial recognition	-	(978,939)	(978,939)	-	-	-

(ii) Retrocession contracts

	2025			2024		
	Contract Purchased US$	Contract Acquired US$	Total US$	Contract Purchased US$	Contract Acquired US$	Total US$
Estimates of present value of cash inflows	-	(2,428,980)	(2,428,980)	-	(6,558,594)	(6,558,594)
Estimates of present value of cash outflows	-	3,463,452	3,463,452	-	10,252,406	10,252,406
Risks adjustment for non-financial risk	-	(19,503)	(19,503)	-	(35,339)	(35,339)
Income recognised on initial recognition	-	-	-	-	-	-
CSM	-	1,014,969	1,014,969	-	3,658,473	3,658,473

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(b) Effect of contracts initially recognised in the year (continued)

(ii) Non-life risk

(i) Reinsurance contracts

	2025			2024		
	Profitable contracts issued US$	Onerous contracts issued US$	Total US$	Profitable contracts issued US$	Onerous contracts issued US$	Total US$
Insurance acquisition cash flows	(65,100,575)	(1,948,957)	(67,049,532)	(63,067,176)	(689,180)	(63,756,356)
Claims and other reinsurance service expenses	(1,169,553,946)	(82,685,659)	(1,252,239,605)	(871,934,584)	(21,228,552)	(893,163,136)
Estimates of the present value of cash outflows	(1,234,654,521)	(84,634,616)	(1,319,289,137)	(935,001,760)	(21,917,732)	(956,919,492)
Estimates of the present value of cash inflows	1,476,646,217	85,650,635	1,562,296,852	1,124,960,422	21,982,811	1,146,943,233
Risks adjustment for non-financial risk	(59,738,803)	(1,943,507)	(61,682,310)	(40,965,484)	(1,471,746)	(42,437,230)
CSM	(182,252,893)	-	(182,252,893)	(148,993,178)	-	(148,993,178)
Losses recognised on initial recognition	-	(927,488)	(927,488)	-	(1,406,667)	(1,406,667)

(ii) Retrocession contracts

	2025			2024		
	Contract Purchased US$	Contract Acquired US$	Total US$	Contract Purchased US$	Contract Acquired US$	Total US$
Estimates of present value of cash inflows	-	(282,048,415)	(282,048,415)	-	(165,584,546)	(165,584,546)
Estimates of present value of cash outflows	-	347,754,952	347,754,952	-	217,653,539	217,653,539
Risk adjustment for non-financial risk	-	(13,174,059)	(13,174,059)	-	(2,285,681)	(2,285,681)
Income recognised on initial recognition	-	143,341	143,341	-	226,491	226,491
CSM	-	52,675,819	52,675,819	-	50,009,803	50,009,803

21. REINSURANCE/RETROCESSION CONTRACTS ASSETS/ LIABILITIES (continued)

(c) Contractual service margin

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

	Up to a year US$	1-3 years US$	3-5 years US$	Over 5 years US$	Total US$
31 December 2025					
Reinsurance contracts					
Life	(16,655,535)	(12,763,108)	(8,000,027)	(62,657,593)	(100,076,263)
Non-life	(92,440,567)	(8,013,103)	(1,338,419)	(74,890)	(101,866,979)
	(109,096,102)	(20,776,211)	(9,338,446)	(62,732,483)	(201,943,242)
Retrocession contracts					
Life	(5,215,915)	227,605	(251,267)	(2,105,111)	(7,344,688)
Non-life	7,714,227	765,032	219,756	3,056	8,702,071
	2,498,312	992,637	(31,511)	(2,102,055)	1,357,383

	Up to a year US$	1-3 years US$	3-5 years US$	Over 5 years US$	Total US$
31 December 2024					
Reinsurance contracts					
Life	(12,953,864)	(12,757,475)	(6,295,236)	(48,324,148)	(80,330,723)
Non-life	(60,694,817)	(5,252,966)	(595,290)	(132,826)	(66,675,899)
	(73,648,681)	(18,010,441)	(6,890,526)	(48,456,974)	(147,006,622)
Retrocession contracts					
Life	(7,795,703)	462,502	(221,700)	(1,966,576)	(9,521,477)
Non-life	8,207,350	769,701	164,168	2,570	9,143,789
	411,647	1,232,203	(57,532)	(1,964,006)	(377,688)

22. DEFERRED TAX

The movements in deferred tax (assets)/liabilities during the year are as follows:

	Note	Depreciation allowance in excess of related depreciation US$	Fair value through other comprehensive income investments US$	Fair value through profit and loss investments US$	Tax losses US$	Reinsurance contracts liabilities US$	Others US$	Total US$
Deferred tax (assets)/liabilities at 1 January 2024		429,388	(966,319)	(148,746)	(16,400,143)	5,186,559	-	(11,899,261)
Charged/(credited) to profit or loss	11	(196,634)	-	160,526	16,391,396	1,809,898	(1,666,950)	16,498,236
Credited to reserves		-	(85,261)	-	-	(2,032,332)	-	(2,117,593)
Deferred tax (assets)/liabilities at 31 December 2024		232,754	(1,051,580)	11,780	(8,747)	4,964,125	(1,666,950)	2,481,382
Deferred tax (assets)/liabilities at 1 January 2025		232,754	(1,051,580)	11,780	(8,747)	4,964,125	(1,666,950)	2,481,382
Charged/(credited) to profit or loss	11	(106,040)	-	(11,780)	2,076	(1,474,179)	166,695	(1,423,228)
Credited to reserves		-	-	-	-	-	-	-
Deferred tax (assets)/liabilities at 31 December 2025		126,714	(1,051,580)	-	(6,671)	3,489,946	(1,500,255)	1,058,154

(a) As at 31 December 2025, the Group has unrecognised deferred tax assets of US$2,756,887 (2024: US$3,749,587) relating to its accumulated unused tax losses.

23. OTHER PAYABLES AND ACCRUED LIABILITIES

	2025 US$	2024 US$
Other payables and accrued liabilities	61,240,142	35,129,053

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

24. SHARE CAPITAL

	2025 US$	2024 US$
Issued and fully paid:		
721,430,470 (2024: 721,430,470) Ordinary Shares	786,720,714	786,720,714

There were no movements in share capital during the year.

25. PERPETUAL CAPITAL SECURITIES

On 28 October 2020, one of the wholly owned subsidiary companies of the Group issued US$250,000,000 of perpetual subordinated guaranteed capital securities ("Securities A") (US$248,342,192 after deduction of transaction costs) for cash, which are listed on The Stock Exchange of Hong Kong Limited. The Securities A is perpetual in nature and it had been treated as equity in Group's consolidated statement of financial position. On 28 October 2025, the Securities A has been fully redeemed. Following the full redemption of Securities A, on 5 November 2025, the same wholly owned subsidiary company of the Group has completed another issuance of US$350,000,000 of securities ("Securities B") (US$347,748,132 after the deduction of transaction cost) for cash, which are listed on The Stock Exchange of Hong Kong Limited.

The Securities B are perpetual in nature with no fixed redemption date and redeemable at the option of the issuer subject to the terms and conditions of the securities, and the distributions can be deferred subject to the terms and conditions of the securities. In the event of any distribution deferral, the Group cannot declare or pay any discretionary dividend on its ordinary share capital. The Securities B has been treated as equity in the Group's consolidated statement of financial position.

During the year ended 31 December 2025, the Group paid distribution of US$13,375,000 for the Securities A (2024: US$13,375,000), and Nil for the Securities B (2024: Nil), respectively.

Distributions on the Securities B are payable semi-annually in arrears at 5.625% per annum for the period from 5 November 2025 until (but excluding) 5 February 2031 and at prevailing reset rates thereafter. Rates will be reset on 5 February 2031 and every five years afterwards by referencing to the five-year US Treasury rates according to the terms and conditions of the Securities B.

26. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year on terms agreed between the parties:

	2025 US$	2024 US$
An associate:		
Reinsurance premium received and receivable	-	131,304
Claims paid and payable	-	88,569
Interest income from the loan	-	398,904
Fellow subsidiaries:		
Reinsurance premium received and receivable	9,963,413	5,167,723
Claims paid and payable	12,222,363	19,407
Other related parties:		
Reinsurance premium received and receivable	3,697,989	2,950,874
Claims paid and payable	3,582,848	2,795,638

(a) Transactions with related parties:

(i) During the financial years of 2025 and 2024, related party transactions took place between the Group and the following related companies: Yongan Property Insurance Group Limited, National General Insurance Corporation N.V, Fidelidade Companhia de Seguros, Fidelidade Macau Insurance Company Limited, La Positiva Seguros y Reaseguros S.A., Multicare – Seguros de Saúde, SA., Pramerica Fosun Life Insurance Co Ltd and Fosun United Health Limited. All transactions were conducted in the normal course of business and on the similar terms as provided to other participants where applicable.

(ii) All related party transactions were made on an arm's length basis.

(b) Compensation of key management personnel of the Group:

Details of compensation of key management personnel, who are the directors of the Group, are included in note 10 to the consolidated financial statements.

27. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments (other than reinsurance and retrocession contract assets and liabilities, as disclosed at note 21) as at the end of the reporting period are as follows:

As at 31 December 2025

Financial assets

	Financial assets at fair value through other comprehensive income US$	Financial assets at fair value through profit or loss US$	Financial assets at amortised cost US$	Total US$
Financial investments:				
At fair value through other comprehensive income	2,156,937,936	-	-	2,156,937,936
At fair value through profit or loss	-	1,216,325,203	-	1,216,325,203
At amortised cost	-	-	-	-
Financial assets included in deposits and other receivables	-	-	54,226,658	54,226,658
Cash and cash equivalents and cash collaterals	-	-	449,369,978	449,369,978
	2,156,937,936	1,216,325,203	503,596,636	3,876,859,775

Financial liabilities

	Financial liabilities at amortised cost US$	Financial liabilities at fair value through profit or loss US$	Total US$
Lease liabilities	9,622,908	-	9,622,908
Other payables and accrued liabilities	61,240,142	-	61,240,142
Derivative	-	182,918	182,918
	70,863,050	182,918	71,045,968

27. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income US$	Financial assets at fair value through profit or loss US$	Financial assets at amortised cost US$	Total US$
Financial investments:				
At fair value through other comprehensive income	1,663,361,849	-	-	1,663,361,849
At fair value through profit or loss	-	1,016,593,549	-	1,016,593,549
At amortised cost	-	-	10,000,000	10,000,000
Financial assets included in deposits and other receivables	-	-	37,776,448	37,776,448
Cash and cash equivalents and cash collaterals	-	-	583,039,114	583,039,114
	1,663,361,849	1,016,593,549	630,815,562	3,310,770,960

Financial liabilities

	Financial liabilities at amortised cost US$	Financial liabilities at fair value through profit or loss US$	Total US$
Lease liabilities	9,975,193	-	9,975,193
Other payables and accrued liabilities	35,129,053	-	35,129,053
Derivative	-	-	-
	45,104,246	-	45,104,246

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active market (Level 1) US$	Significant inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$	Total US$
Assets measured at fair value:				
Financial investments:				
At fair value through other comprehensive income:				
- Debt investments	2,042,884,298	114,053,638	-	2,156,937,936
At fair value through profit or loss:				
- Debt investments	3,669,350	49,669,463	-	53,338,813
- Equity investments	653,077,043	492,029,987	17,879,360	1,162,986,390
	2,699,630,691	655,753,088	17,879,360	3,373,263,139
Liabilities measured at fair value:				
Financial investments:				
At fair value through profit or loss:				
- Derivatives	-	(182,918)	-	(182,918)

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active market (Level 1) US$	Significant inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$	Total US$
Assets measured at fair value:				
Financial investments:				
At fair value through other comprehensive income:				
- Debt investments	1,628,822,615	34,539,234	-	1,663,361,849
At fair value through profit or loss:				
- Debt investments	928,850	49,886,771	-	50,815,621
- Equity investments	586,882,980	348,738,627	30,156,321	965,777,928
	2,216,634,445	433,164,632	30,156,321	2,679,955,398
Liabilities measured at fair value:				
Financial investments:				
At fair value through profit or loss:				
- Derivatives	-	-	-	-

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)
Management has assessed that the fair values of cash and cash equivalents and cash collaterals, financial assets included in deposits and other receivables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

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 balance sheet date. 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 fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instruments are included in level 2. If one or more of the significant inputs is not based on observable market data, the instruments are included in level 3.

There were instruments purchased by the Group in the current year. There were no transfers into level 3 from level 1 or level 2 during the year.

The fair value of the unlisted equity investments included in level 3 instrument comprised of the equity share of Pingtao (Hong Kong) Limited ("Pingtao"), which was purchased by the Group in 2015, and the equity share of Nagico, which was reclassified from investment in associate as mentioned in note 17. The Group has determined the reported net asset value of US$17,879,360 (2024: US$22,152,762) for Pingtao based on valuation techniques with unobservable inputs as mentioned in note 4, and of US$Nil (2024: US$8,003,559) for Nagico based on the disposal during the year 2025.

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Below is a summary of significant unobservable inputs to the valuation of level 3 financial instruments together with a quantitative analysis as at 31 December 2025 and 2024:

	Valuation Technique	Significant unobservable input	Range	Changes in variables	Impact on net asset value US$'000
2025:					
Unlisted equity investments	Market approach	EV/EBIT	16.30x	+/- 1.0x	1,073/(1,073)
2024:					
Unlisted equity investments	Market approach	EV/EBIT	13.71x	+/- 1.0x	1,572/(1,572)

The table below set out a summary of changes in the Group's level 3 instrument measured at fair value on recurring basis for the year ended 31 December 2025 and 31 December 2024. The table reflects the movement on assets/liabilities categorised as level 3 as at 31 December 2025 and 31 December 2024.

	2025 US$	2024 US$
Equity investments at fair value through profit or loss		
At 1 January	30,156,321	25,894,297
Addition (note 17(a))	-	8,003,559
Fair value losses recognised during the year	(4,273,402)	(3,741,535)
Disposals (note 17(a))	(8,003,559)	-
At 31 December	17,879,360	30,156,321

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Market risk

The Group invests its capital and the premiums it receives from customers and consequently investment results comprise a substantial part of the Group's income. The Group's investments are exposed to market risk (i.e. the risk of a price change in the capital markets), which include risks from interest rates, equities price and foreign exchange rates.

(a) Interest rate risk

The Group's fixed income portfolio is primarily invested in high quality, investment grade securities of limited duration. This portfolio is sensitive to changes in risk free interest rates and risk spreads. Interest rates are highly sensitive to many factors, including fiscal and monetary policies in major economies, inflation, economic and political factors outside the Group's control. In a rising interest rate environment, the market value of the Group's fixed income portfolio may decline, but with higher (re-)investment income for future periods. In a declining interest rate environment, the Group will be required to (re-)invest funds at a lower rate, which would have a negative impact on future investment income.

In addition, interest rate changes can also impact the non-life and life business portfolio. When pricing and valuation of a reinsurance transaction, the actuary makes assumptions on the yield curves for the discounting of future cash flows. If assumption changes due to changes in interest rates, this may impact the value of fulfilment cash flows, with an impact on the valuation of reinsurance and retrocession contract assets/liabilities on the balance sheet. Refer to note 30(c)(i) for more details of sensitivity analysis of interest yield applied on the valuation of reinsurance and retrocession contract assets and liabilities.

The Group 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 Group's asset exposure to interest rate risk primarily relates to the fluctuation of the prevailing market interest rate on bank deposit balances, fixed rate bonds and variable rate bonds.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

(a) Interest rate risk (continued)

	Fixed rate US$	Variable rate US$	Non-interest bearing US$	Total US$
2025				
Financial investments:				
At fair value through other comprehensive income	2,150,355,516	6,582,420	-	2,156,937,936
At fair value through profit or loss	46,325,181	7,013,632	1,162,986,390	1,216,325,203
At amortised cost	-	-	-	-
Cash and cash equivalents and cash collaterals	159,699,913	289,670,065	-	449,369,978
	2,356,380,610	303,266,117	1,162,986,390	3,822,633,117

	Fixed rate US$	Variable rate US$	Non-interest bearing US$	Total US$
2024				
Financial investments:				
At fair value through other comprehensive income	1,656,714,819	6,647,030	-	1,663,361,849
At fair value through profit or loss	50,815,621	-	965,777,928	1,016,593,549
At amortised cost	-	10,000,000	-	10,000,000
Cash and cash equivalents and cash collaterals	367,374,232	215,664,882	-	583,039,114
	2,074,904,672	232,311,912	965,777,928	3,272,994,512

The exposure of the bank deposits to interest rate risk is as follows:

	Impact on profit before tax	
	25 basis point higher US$	25 basis point lower US$
2025		
Interest bearing bank deposit	1,123,425	(1,123,425)
2024		
Interest bearing bank deposit	1,457,598	(1,457,598)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

(a) Interest rate risk (continued)

The Group 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 Group and is generally analysed on a quarterly basis. The Group 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 Group which may lead to decisions for reallocation.

The analysis below shows the impact on equity:

	100 basis point higher US$	100 basis point lower US$
2025		
Debt securities	(73,221,445)	73,221,445
2024		
Debt securities	(51,502,774)	51,502,774

(b) Equity price risk

The Group invests a portion of its portfolio in equity shares, unit trusts and mutual funds. This exposes the portfolio to the fluctuations of equity markets. In times of economic weakness, the market value and liquidity of these assets may decline and may impact the Group's net income and capital.

The Group's listed investments are listed on recognised stock exchanges. 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 Group's liquidity needs. Listed investments which are held in the available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

The Group 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 US$58,149,320 (2024: US$ 48,288,896).

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

(c) Foreign currency risk

The Group underwrites risks originating from many parts of the world, and as such it is potentially subject to claims from different countries, which in most cases, will need to be met in the currencies of the countries in which such claims arise. The Group holds deposits in various foreign currencies as a hedge against potential underwriting liabilities on claims exposure. The Group's principal exposures include Hong Kong Dollar, Chinese Yuan, Japanese Yen, Korean Won and Australian Dollar. Assets and liabilities denominated in foreign currencies are exposed to changes in currency exchange rates. The Group's reporting currency is USD, and exchange rate fluctuations relative to the USD may materially impact the Group's results and financial position. In addition, the currency exchange rate against USD can also be impacted by government's policies, US domestic and international economic and political developments, as well as global events and the supply and demand in the global market.

The Group employs various strategies (including hedging) to manage its exposure to foreign currency exchange risk. To the extent that these exposures are not fully hedged or the hedges are ineffective, the Group's results or equity may be reduced by fluctuations in foreign currency exchange rates. The net asset/(liability) position for each major currency is as follows:

	Assets/(liabilities) (US$)							
2025	USD	JPY	KRW	CNY	HKD	AUD	Others	Total
Fixed assets and intangible assets	772,921	-	-	1,710	4,747,283	-	519,375	6,041,289
Right-of-use assets	856,260	-	-	27,972	5,485,984	-	1,755,483	8,125,699
Goodwill	357,250	-	-	-	-	-	-	357,250
Investment in an associate	14,567,326	-	-	-	-	-	-	14,567,326
Investment in joint ventures	1,087,937	41,331,642	-	-	-	-	-	42,419,579
Reinsurance contract assets	34,630,644	7,485,515	6,280,648	33,685,361	-	463,289	20,208,957	102,754,414
Retrocession contract assets	201,704,070	12,111	1,794,006	2,449,163	-	-	28,883,760	234,843,110
Financial investments:								
At fair value through other comprehensive income	1,883,500,255	-	-	31,840,751	-	24,349,049	217,247,881	2,156,937,936
At fair value through profit or loss	880,739,371	-	-	5,684,991	57,309,429	143,612,458	128,978,954	1,216,325,203
At amortised cost	-	-	-	-	-	-	-	-
Prepayments, deposits and other receivables	28,511,273	234,337	433,280	924,922	1,776,049	4,034,762	18,326,881	54,241,504
Amount due from immediate holding company	6,065,458	-	-	-	-	-	-	6,065,458
Current tax assets	5,560	-	-	170	3,490,539	-	(72,354)	3,423,915
Cash and cash equivalents and cash collaterals	352,597,478	15,058,986	-	25,989,205	3,822,691	5,288,289	46,613,329	449,369,978
Total assets	3,405,395,803	64,122,591	8,507,934	100,604,245	76,631,975	177,747,847	462,462,266	4,295,472,661
Reinsurance contract liabilities	(1,442,446,008)	(105,457,200)	(68,324,687)	(404,998,210)	(1,081,960)	(18,035,428)	(474,792,242)	(2,515,135,735)
Retrocession contract liabilities	(20,695,150)	-	(1,305,315)	(212,577)	-	-	(8,357,600)	(30,570,642)
Derivatives	-	-	533,480	743,313	-	(1,459,711)	-	(182,918)
Other payables and accrued liabilities	(2,211,281)	(518,484)	-	(49,242,367)	(3,401,348)	(8,203,366)	2,336,704	(61,240,142)
Lease liabilities	(878,609)	-	-	(30,603)	(6,958,159)	-	(1,755,537)	(9,622,908)
Deferred tax liabilities	584,962	-	-	6,667	(2,041,659)	-	391,876	(1,058,154)
Current tax payable	-	-	-	-	-	-	-	-
Total liabilities	(1,465,646,086)	(105,975,684)	(69,096,522)	(453,733,777)	(13,483,126)	(27,698,505)	(482,176,799)	(2,617,810,499)
Net assets/(liabilities)	1,939,749,717	(41,853,093)	(60,588,588)	(353,129,532)	63,148,849	150,049,342	(19,714,533)	1,677,662,162

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

(c) Foreign currency risk (continued)

	Assets/(liabilities) (US$)							
2024	USD	JPY	KRW	CNY	HKD	AUD	Others	Total
Fixed assets and intangible assets	1,186,813	-	-	-	5,381,067	-	83,611	6,651,491
Right-of-use assets	172,143	-	-	56,261	7,887,166	-	-	8,115,570
Goodwill	357,250	-	-	-	-	-	-	357,250
Investment in an associate	14,684,095	-	-	-	-	-	-	14,684,095
Investment in joint ventures	1,110,835	40,495,411	-	-	-	-	-	41,606,246
Reinsurance contract assets	75,133,870	3,652,222	3,296,439	16,574,825	-	1,167,410	23,251,463	123,076,229
Retrocession contract assets	233,996,868	122,109	1,653,510	170,978	-	-	25,220,992	261,164,457
Financial investments:								
At fair value through other comprehensive income	1,426,858,825	-	-	89,013,153	-	-	147,489,871	1,663,361,849
At fair value through profit or loss	780,099,644	13,721,161	-	31,297,045	25,745,950	8,458,540	157,271,209	1,016,593,549
At amortised cost	10,000,000	-	-	-	-	-	-	10,000,000
Prepayments, deposits and other receivables	22,241,315	881,221	-	1,321,271	2,894,213	5,263,632	5,494,861	38,096,513
Amount due from immediate holding company	6,069,646	-	-	-	-	-	-	6,069,646
Current tax assets	-	-	-	-	-	-	-	-
Cash and cash equivalents and cash collaterals	427,114,900	28,491,278	-	35,825,137	4,884,596	28,430,315	58,292,888	583,039,114
Total assets	2,999,026,204	87,363,402	4,949,949	174,258,670	46,792,992	43,319,897	417,104,895	3,772,816,009
Reinsurance contract liabilities	(1,295,326,186)	(135,548,243)	(75,318,781)	(393,420,477)	-	(2,519,604)	(358,289,250)	(2,260,422,541)
Retrocession contract liabilities	(21,133,968)	-	(693,950)	(1,670,979)	-	-	(8,195,239)	(31,694,136)
Derivatives	-	-	-	-	-	-	-	-
Other payables and accrued liabilities	(14,961,220)	-	-	(17,247,961)	(1,336,647)	-	(1,583,225)	(35,129,053)
Lease liabilities	(179,220)	-	-	(58,177)	(9,737,796)	-	-	(9,975,193)
Deferred tax liabilities	1,666,950	-	-	8,747	(4,548,955)	-	391,876	(2,481,382)
Current tax payable	-	-	-	-	(364,147)	-	-	(364,147)
Total liabilities	(1,329,933,644)	(135,548,243)	(76,012,731)	(412,388,847)	(15,987,545)	(2,519,604)	(367,675,838)	(2,340,066,452)
Net assets/(liabilities)	1,669,092,560	(48,184,841)	(71,062,782)	(238,130,177)	30,805,447	40,800,293	49,429,057	1,432,749,557

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

(c) Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of the major currencies identified in the above table, with all other variables held constant, of the Group's net profit before tax (due to changes in the fair value of monetary assets and liabilities as at that date).

Currency	Changes in variables	Impact on profit before tax US$'000
2025		
JPY	+/- 3%	(1,256)/1,256
KRW	+/- 3%	(1,818)/1,818
CNY	+/- 3%	(10,594)/10,594
AUD	+/- 3%	4,501/(4,501)
2024		
JPY	+/- 3%	(1,446)/1,446
KRW	+/- 3%	(2,132)/2,132
CNY	+/- 3%	(7,144)/7,144
AUD	+/- 3%	1,224/(1,224)

The management considers that the Hong Kong Dollar represents limited currency risk as it is pegged to the United States Dollar.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

(d) Liquidity risk

The Group manages this risk by monitoring periodically the actual and projected cash flows, ensuring that a reasonable amount of investments is kept in liquid assets to meet cash flow needs.

The Group finances its operations and investment activities with internally generated cash flow.

The maturity profiles of the reinsurance and retrocession contract liabilities, and financial assets and liabilities of the Group are presented below which provides a supplemental view on the Group's liquidity profile.

(i) Maturity analysis of reinsurance and retrocession contracts

	Up to a year US$	1-2 years US$	2-3 years US$	3-4 years US$	4-5 years US$	Over 5 years US$	Total US$
31 December 2025							
Reinsurance contracts							
Life risk	(63,216,403)	(130,659,222)	(6,843,238)	216,895	220,439	3,241,705	(197,039,824)
Non-life risk	(375,870,078)	(581,625,082)	(428,322,353)	(281,989,222)	(159,438,655)	(149,992,684)	(1,977,238,074)
	(439,086,481)	(712,284,304)	(435,165,591)	(281,772,327)	(159,218,216)	(146,750,979)	(2,174,277,898)
Retrocession contracts							
Life risk	(5,316,246)	912,798	291,768	-	-	-	(4,111,680)
Non-life risk	(38,301,799)	4,598,752	2,891,720	1,161,030	586,758	446,994	(28,616,545)
	(43,618,045)	5,511,550	3,183,488	1,161,030	586,758	446,994	(32,728,225)

	Up to a year US$	1-2 years US$	2-3 years US$	3-4 years US$	4-5 years US$	Over 5 years US$	Total US$
31 December 2024							
Reinsurance contracts							
Life risk	(99,738,863)	(31,047,977)	(11,610,793)	(5,607,546)	(112,048)	(2,801,848)	(150,919,075)
Non-life risk	(541,121,336)	(492,108,876)	(292,133,490)	(164,209,280)	(101,112,086)	(221,929,568)	(1,812,614,636)
	(640,860,199)	(523,156,853)	(303,744,283)	(169,816,826)	(101,224,134)	(224,731,416)	(1,963,533,711)
Retrocession contracts							
Life risk	(3,091,608)	62,846	964	-	-	-	(3,027,798)
Non-life risk	(68,339,229)	18,485,676	9,571,703	3,400,161	1,548,119	1,133,057	(34,200,513)
	(71,430,837)	18,548,522	9,572,667	3,400,161	1,548,119	1,133,057	(37,228,311)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

(i) Maturity analysis of reinsurance and retrocession contracts (continued)

The amounts from reinsurance and retrocession contract liabilities that are payable on demand on set out below.

	Amounts payable On demand	
	2025 US$	2024 US$
Reinsurance contract liabilities	(27,268,431)	(19,738,213)
Retrocession contract liabilities	(12,703,938)	(9,505,743)
	(39,972,369)	(29,243,956)

(ii) Maturity analysis of the financial assets and liabilities

31 December 2025	Up to a year US$	1-3 years US$	3-5 years US$	Over 5 years US$	Total US$
Financial assets					
- Debt securities at fair value through other comprehensive income	414,750,354	627,295,161	495,588,408	619,304,013	2,156,937,936
- Debt securities at fair value through profit or loss	-	-	-	53,338,813	53,338,813
- Equity investments at fair value through profit or loss	1,007,205,420	99,590,194	31,139,440	25,051,336	1,162,986,390
- Debt securities at amortised cost	-	-	-	-	-
- Deposits and other receivables	54,226,658	-	-	-	54,226,658
- Cash and cash equivalents and cash collaterals	449,369,978	-	-	-	449,369,978
Total financial assets	1,925,552,410	726,885,355	526,727,848	697,694,162	3,876,859,775
Financial liabilities					
- Derivatives	(182,918)	-	-	-	(182,918)
- Lease liabilities	(4,060,806)	(6,286,235)	(119,307)	-	(10,466,348)
- Other payables and accrued liabilities	(39,450,327)	(21,789,815)	-	-	(61,240,142)
Total financial liabilities	(43,694,051)	(28,076,050)	(119,307)	-	(71,889,408)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

(ii) Maturity analysis of the financial assets and liabilities (continued)

31 December 2024	Up to a year US$	1-3 years US$	3-5 years US$	Over 5 years US$	Total US$
Financial assets					
- Debt securities at fair value through other comprehensive income	313,420,343	634,960,861	388,467,854	326,512,791	1,663,361,849
- Debt securities at fair value through profit or loss	-	-	-	50,815,621	50,815,621
- Equity investments at fair value through profit or loss	768,464,608	125,848,983	42,397,967	29,066,370	965,777,928
- Debt securities at amortised cost	10,000,000	-	-	-	10,000,000
- Deposits and other receivables	37,776,448	-	-	-	37,776,448
- Cash and cash equivalents and cash collaterals	583,039,114	-	-	-	583,039,114
Total financial assets	1,712,700,513	760,809,844	430,865,821	406,394,782	3,310,770,960
Financial liabilities					
- Derivatives	-	-	-	-	-
- Lease liabilities	(3,434,232)	(6,759,508)	(830,849)	-	(11,024,589)
- Other payables and accrued liabilities	(21,297,719)	(13,804,723)	(26,611)	-	(35,129,053)
Total financial liabilities	(24,731,951)	(20,564,231)	(857,460)	-	(46,153,642)

In case of a major loss, the Group will need to have the liquidity in order to pay claims in a timely manner. The Group monitors its liquidity position and constantly keeps an adequate level of cash. In addition, most equity and fixed income instruments are traded in public exchanges in major financial hubs and can be liquidated easily. However, under rare circumstances, the Group may find itself in a position of having to liquidate a non-liquid investment at unfavourable terms and conditions with negative impact on investment income.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Credit risk

The Group assumes counterparty credit risk through its underwriting of the credit & bond business, through the cession of future losses to reinsurer (so called retrocessionaires) and through the credit risk from investment into corporate and government bonds.

In its credit & bond portfolio the Group reinsures among other things the promise by the Group to pay one party (the obligee) a certain amount if a second party (the principal) fails to meet a certain obligation, which can be a payment or the fulfilment of a contract. By this token the Group bears a counterparty risk on the principal, which is being monitored on a per name, per industry and per country basis.

The Group writes some trade credit risks. As part of risk management, the counterparty risk is tracked on a per name, per industry and per country basis, and actively managed.

The Group uses reinsurance (so called retrocession in the case of the Group being the reinsured) to protect its reinsurance portfolio against major event shocks or earnings deterioration. As a consequence, the Group assumes credit risk on the payment of future losses by the reinsurer (retrocessionaire). The Group only utilises retrocession markets of a minimum A- rating quality or requires collateral to reduce credit risk when purchasing excess of loss retrocession contracts. However in case of a major shock loss to the entire reinsurance industry the Group may face difficulties to collect outstanding receivables from its retrocession markets. This would impact the earnings or the net valuations of reinsurance contract receivable (assets) of any financial year with consequences on the Group's ability to service its debt. The Group’s reinsurance contract receivables (assets) related to a large number of diversified customers and therefore there is no significant concentration of credit risk.

As part of its investment activities, the Group invests in corporate and sovereign bonds, both of which are subject to default risk. While the Group employs prudence and good care in selecting its investments, and while the Group uses good risk management standards to manage its credit risk from these investments, the recent financial crisis has shown that sudden and unforeseen changes can cause a deterioration in the borrower's ability or willingness to repay principal or to pay interest.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Credit risk (continued)

The following table sets out information about the credit quality of retrocession contract assets, financial investments measured at fair value through other comprehensive income by rating agency designation based on Standard & Poor's rating or equivalent.

	2025 US$	2024 US$
Retrocession contract assets		
Non-life		
A- to AAA	153,167,688	118,027,612
B- to BBB+	9,659,651	66,955,862
Unrated	2,469,997	8,237,647
	165,297,336	193,221,121
Life		
A- to AAA	42,134,821	37,368,837
B- to BBB+	27,410,953	30,574,499
	69,545,774	67,943,336
Debt securities at fair value through other comprehensive income		
A- to AAA	1,829,939,643	1,589,058,441
B- to BBB+	326,998,293	74,303,408
Unrated	-	-
	2,156,937,936	1,663,361,849

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Credit risk (continued)

The following table sets out the credit quality analysis and the maximum exposure to credit risk analysis of financial investments measured at fair value through other comprehensive income and other financial assets measured at amortised cost. The gross carrying amounts presented are amortised costs of the financial assets and the maximum exposure to credit risk as at the end of reporting period .

As at 31 December 2025

	Gross Carrying Amounts				
	12-months ECLs	Lifetime ECLs			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Unrealised gain	Total US$
Debt securities at fair value through other comprehensive income					
- A- to AAA	1,819,249,942	-	-	10,689,701	1,829,939,643
- B- to BBB+	323,307,742	-	-	3,690,551	326,998,293
- Unrated	-	-	-	-	-
Debt securities at amortised cost	-	-	-	-	-
Deposits and other receivables					
- Not yet past due	54,226,658	-	-	-	54,226,658
Cash and cash equivalents					
- Not yet past due	449,369,978	-	-	-	449,369,978
	2,646,154,320	-	-	14,380,252	2,660,534,572

As at 31 December 2024

	Gross Carrying Amounts				
	12-months ECLs	Lifetime ECLs			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Unrealised loss	Total US$
Debt securities at fair value through other comprehensive income					
- A- to AAA	1,606,001,128	-	-	(16,942,687)	1,589,058,441
- B- to BBB+	60,792,762	15,107,035	-	(1,596,389)	74,303,408
- Unrated	-	-	-	-	-
Debt securities at amortised cost	10,000,000	-	-	-	10,000,000
Deposits and other receivables					
- Not yet past due	37,776,448	-	-	-	37,776,448
Cash and cash equivalents					
- Not yet past due	583,039,114	-	-	-	583,039,114
	2,297,609,452	15,107,035	-	(18,539,076)	2,294,177,411

As of 31 December 2025, the Group has recorded total stage 1 ECL allowance of US$423,324 (2024: US$113,029) for its fair value through other comprehensive income financial assets

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Capital management

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

The Group manages its capital 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 Group manages its capital structure and may make adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the Group may adjust the return of capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 31 December 2024.

The Group, as an authorised insurer in Hong Kong, is required by Hong Kong Insurance Authority to meet the Hong Kong solvency requirements. The Hong Kong Risk-based Capital (the "RBC") regime has become part of the Hong Kong Insurance Ordinance and has taken effect from 1 July 2024 for the Group.

To determine its capital for regulatory purposes, the Group 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 Group's business information.

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

30. REINSURANCE CONTRACTS ASSETS/LIABILITIES AND RETROCESSION CONTRACTS ASSETS/LIABILITIES – TERMS, ASSUMPTIONS AND SENSITIVITIES

(a) Non-life reinsurance

(i) Terms and conditions

The major classes of general reinsurance written by the Group include property, casualty, agriculture, credit and bonds, engineering, marine, aviation and motor. Risks exposure under reinsurance contracts usually cover a 12-month or 24-month duration.

For reinsurance contracts, reserves (comprising provisions for claims reported by cedants and claims incurred but not reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred. Separate provision is made by way of unearned premium provision to cover the cost of risk unexpired at the end of the reporting period.

The incurred but not reported (“IBNR”) provisions, which is used for the fulfilment cashflow calculation in liability for incurred claims, are determined quarterly according to known facts at the end of the respective reporting periods, based on information starting from underwriting year 2013. As the claim experience develops, certain claims are settled and further claims are reported. These outstanding claims provisions are booked on a discounted basis.

30. REINSURANCE CONTRACTS ASSETS/LIABILITIES AND RETROCESSION CONTRACTS ASSETS/LIABILITIES - TERMS, ASSUMPTIONS AND SENSITIVITIES (continued)

(a) Non-life reinsurance(continued)

(i) Terms and conditions (continued)

The methodology used to estimate the IBNR amounts consists primarily of projecting future claims through a combination of actuarial and statistical projection techniques. Typical methods include the chain ladder and Bornhuetter-Ferguson methods. For a class of business where there is a lack of sufficient development data, the expected loss ratio is used to estimate the ultimate loss for that underwriting year. Claims provisions are separately analysed by class of business. In addition, large claims are usually separately assessed by the actuaries together with the management. The claims projection assumptions are intended to provide the best estimate of the most likely or expected outcome.

(ii) Assumptions

The principal assumption is that statistical trends underlying the past claim development experience of the segmented businesses may be used to project future development. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In deciding on the rates of interest to be used, Appointed Actuary has considered the liquidity characteristics of the reinsurance contracts and the yields of existing investment portfolio. Refer to note 4(a)(ii) for the interest rate used to discount the cashflow of reinsurance contract for major currencies.

Refer to note 30(c)(i) for more details of sensitivity analysis of interest yield applied on the valuation of non-life contract assets and liabilities.

(iii) Sensitivities

The sensitivity of certain assumptions like legislative change, uncertainty in the estimation process, etc, is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the end of the reporting period.

Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in the subsequent consolidated financial statements.

Refer to note 30(c)(ii) for the details of sensitivity analysis of ultimate claims assumptions applied on the valuation of non-life contract assets and liabilities.

30. REINSURANCE CONTRACTS ASSETS/LIABILITIES AND RETROCESSION CONTRACTS ASSETS/LIABILITIES - TERMS, ASSUMPTIONS AND SENSITIVITIES (continued)

(a) Non-life reinsurance (continued)

(iv) Claims development

Reproduced below is an exhibit that shows how estimates of claims developed over a period of time on a gross and net basis.

The table below illustrates how estimates of cumulative claims for the Group's non-life segment have developed over time on a gross and net of retrocession basis. Each table shows how the Group's estimates of total claims for each underwriting year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position. Balances have been translated at the exchange rates prevailing at the reporting date.

Underwriting year	2025 US$	2024 US$	2023 US$	2022 US$	2021 and prior US$	Total US$
Gross of retrocession						
Estimate of undiscounted gross cumulative claims for current and previous underwriting years						
At end of underwriting year	572,691,134	440,446,705	506,160,234	917,033,912		
One year later		942,420,851	949,496,277	1,684,218,068		
Two years later			1,061,612,449	1,619,293,089		
Three years later				1,672,399,392		
Cumulative gross payments	(43,781,706)	(223,652,874)	(595,720,090)	(1,192,124,017)		
Cumulative gross claims for the current and previous underwriting years	528,909,428	718,767,977	465,892,359	480,275,375	662,549,362	2,856,394,501
Effect of discounting						(197,827,796)
Effect of risk adjustment						190,301,628
Total gross reinsurance liability for incurred claims as per the statement of financial position (note 21(a)(ii)(i))						2,848,868,333

30. REINSURANCE CONTRACTS ASSETS/LIABILITIES AND RETROCESSION CONTRACTS ASSETS/LIABILITIES - TERMS, ASSUMPTIONS AND SENSITIVITIES (continued)

(a) Non-life reinsurance (continued)

(iv) Claims development (continued)

Underwriting year	2025 US$	2024 US$	2023 US$	2022 US$	2021 and prior US$	Total US$
Net of retrocession						
Estimate of undiscounted net cumulative claims for current and previous underwriting years						
At end of underwriting year	394,938,259	302,967,872	401,889,723	636,965,807		
One year later		771,140,980	835,903,053	1,557,893,069		
Two years later			944,989,080	1,492,020,733		
Three years later				1,546,483,193		
Cumulative net payments	(44,113,505)	(107,400,371)	(494,648,154)	(1,101,639,714)		
Cumulative net claims for the current and previous underwriting years	350,824,754	663,740,609	450,340,926	444,843,479	585,228,738	2,494,978,506
Effect of discounting						(185,991,889)
Effect of risk adjustment						168,693,213
Effect of non-performance risk						220,584
Total net reinsurance liability for incurred claims as per the statement of financial position (note 21(a)(ii)(i) and note 21(a)(ii)(ii))						2,477,900,414

30. REINSURANCE CONTRACTS ASSETS/LIABILITIES AND RETROCESSION CONTRACTS ASSETS/LIABILITIES - TERMS, ASSUMPTIONS AND SENSITIVITIES (continued)

(a) Non-life reinsurance (continued)

(v) Insurance risk

The Group principally accepts inward reinsurance for the property, motor and casualty classes. These risks vary significantly in relation to the location of the risk insured and the type of risks insured. The variability of risks is mitigated by diversification of risk of loss to a well spread portfolio of insurance contracts and geographical areas, as a more diversified portfolio is less likely to be affected across the board by changes in any subset of the portfolio.

The following table sets out the reinsurance revenue by line of business.

	2025 US$	2024 US$
Property damage	407,039,143	309,919,044
Accident and health	345,887,216	203,614,176
General liability	287,207,578	276,205,027
Motor vehicle, damage and liability	275,160,777	205,932,418
Pecuniary loss	94,531,959	51,408,894
Goods in transit	7,858,672	10,682,376
Ships, damage and liability	5,164,479	4,498,595
Aircraft, damage and liability	(27,520)	(194,228)
	1,422,822,304	1,062,066,302

The following table sets out the reinsurance revenue by geographical area.

	2025 US$	2024 US$
Americas	405,112,475	324,590,364
China	233,416,162	187,568,124
Europe	235,502,659	190,118,221
Japan	76,896,266	78,648,891
Korea	52,536,202	55,211,615
Australia and New Zealand	29,483,197	29,513,949
Others	389,875,343	196,415,138
	1,422,822,304	1,062,066,302

30. REINSURANCE CONTRACTS ASSETS/LIABILITIES AND RETROCESSION CONTRACTS ASSETS/LIABILITIES - TERMS, ASSUMPTIONS AND SENSITIVITIES (continued)

(a) Non-life reinsurance (continued)

(v) Insurance risk (continued)

The variability of experience is also improved by careful selection and implementation of underwriting guidelines and strict claim review policies to assess all new and on going claims. The Group also enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

In order to limit exposure to catastrophic events, appropriate retrocession arrangements have been made. The purpose of these arrangements is to limit exposure to a pre-determined maximum amount based on the Group's risk appetite.

(b) Life reinsurance

The Group underwrites treaties covering both group and individual insurance contracts. Treaties of group contract provides yearly renewable life coverage and other supplementary benefits for employees under a group plan while treaties of individual contract offers single premium and regular premium, short term and long term products which lump sum benefits are payable on death, critical illnesses, permanent disability or regular payments contingent on the life of the insured.

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The main life reinsurance risks which the Group is exposed to are as follows:

(i) Mortality risk

Mortality risk is the risk of loss due to higher than anticipated death experience, usually caused by higher occurrence of claims, resulting from either a general volatility, an adverse long-term trend or a mortality shock event.

(ii) Morbidity risk

Morbidity risk is the risk of loss due to adverse claims experience from critical illness or health treaties resulting from trends of early diagnoses, improvements in medical diagnoses, adverse long-term trend and/or inflation of medical costs.

30. REINSURANCE CONTRACTS ASSETS/LIABILITIES AND RETROCESSION CONTRACTS ASSETS/LIABILITIES - TERMS, ASSUMPTIONS AND SENSITIVITIES (continued)

(b) Life reinsurance (continued)

The main life reinsurance risks which the Group is exposed to are as follows: (continued)

(iii) Lapse risk

Lapse risk is the risk of non-payment of premium by the policyholder or the early termination of the policies.

(iv) Longevity risk

Longevity risk is the risk of loss due to a decrease in mortality rates which results in higher ongoing payments to policyholders due to the longer survival of the policyholder during the policy term.

Key assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

- Discount rates
  In deciding on the rates of interest to be used, Appointed Actuary has considered the liquidity characteristics of the reinsurance contracts and the yields of existing investment portfolio. Refer to note 4(a)(ii) for the interest rate used to discount the cashflow of reinsurance contract for major currencies.

  Refer to note 30(c)(i) for more details of sensitivity analysis of interest yield applied on the valuation of Life contract assets and liabilities.

- Mortality, morbidity rates and claims ratios
  The mortality, morbidity rates and claims ratios are set by the Appointed Actuary based on a mixture of historical information obtained at the pricing stage and the agreed pricing basis between the Group and the cedants. The assumptions also take into account internal experience analysis based on the Group's portfolio (where credible) and also published mortality tables and other external benchmarks where relevant.

  Refer to note 30(c)(ii) for the details of sensitivity analysis of mortality risk assumption applied on the valuation of Life contract assets and liabilities.

30. REINSURANCE CONTRACTS ASSETS/LIABILITIES AND RETROCESSION CONTRACTS ASSETS/LIABILITIES - TERMS, ASSUMPTIONS AND SENSITIVITIES (continued)

(c) Sensitivities

(i) Interest rate sensitivity

The analysis which follows is performed for reasonable possible movement in key assumptions with all other assumptions held constant, showing the impact on equity and profit before tax. It should be noted that movements in these assumptions are non-linear.

31 December 2025

	Change in assumptions	Impact on equity US$	Impact on profit before tax US$
Non-life			
Reinsurance and retrocession contract			
Discount rates	+0.5%	31,253,418	-
Discount rates	-0.5%	(33,307,061)	-
Life			
Reinsurance and retrocession contract			
Discount rates	+0.5%	(4,826,795)	-
Discount rates	-0.5%	5,991,607	-

31 December 2024

	Change in assumptions	Impact on equity US$	Impact on profit before tax US$
Non-life			
Reinsurance and retrocession contract			
Discount rates	+0.5%	26,248,010	-
Discount rates	-0.5%	(27,099,862)	-
Life			
Reinsurance and retrocession contract			
Discount rates	+0.5%	(4,113,196)	-
Discount rates	-0.5%	5,074,534	-

30. REINSURANCE CONTRACTS ASSETS/LIABILITIES AND RETROCESSION CONTRACTS ASSETS/LIABILITIES - TERMS, ASSUMPTIONS AND SENSITIVITIES (continued)

(c) Sensitivities (continued)

(ii) Underwriting risk sensitivity

31 December 2025

	Change in assumptions	Impact on equity US$	Impact on profit before tax US$
Non-life			
Unpaid claims	+1.0%	(28,980,869)	(29,280,968)
Unpaid claims	-1.0%	28,689,038	28,989,138
Life			
Mortality rates	+1.0%	(1,052,753)	(89,388)
Mortality rates	-1.0%	940,932	94,342

31 December 2024

	Change in assumptions	Impact on equity US$	Impact on profit before tax US$
Non-life			
Unpaid claims	+1.0%	(23,791,395)	(24,190,118)
Unpaid claims	-1.0%	23,665,345	24,064,068
Life			
Mortality rates	+1.0%	(948,268)	(915,949)
Mortality rates	-1.0%	845,269	943,234

31. COMMITMENTS

The Group's capital commitments contracted but not provided for investment funds was US$123,299,553 as at 31 December 2025 (2024: US$74,360,538). The drawdown of the commitments is expected to be completed within one year.

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	As at	
	31 December 2025 US$	31 December 2024 US$
ASSETS		
Intangible assets	2,355,401	2,903,951
Right-of-use assets	5,485,984	7,887,166
Property and equipment	2,985,289	3,663,929
Investment in subsidiaries	237,290,780	112,290,780
Investment in an associate	14,567,326	14,684,095
Investment in joint ventures	42,419,579	41,606,246
Reinsurance contract assets	95,583,414	116,367,752
Retrocession contract assets	240,275,605	261,164,457
Financial investments:		
At fair value through other comprehensive income	1,915,208,474	1,581,856,098
At fair value through profit or loss	1,159,474,262	965,116,702
At amortised cost	-	10,000,000
Prepayments, deposits and other receivables	51,344,801	37,634,337
Amount due from intercompanies	6,902,301	4,528,714
Amount due from immediate holding company	6,065,458	6,069,646
Current tax assets	3,418,185	-
Cash and cash equivalents	390,984,426	558,590,505
TOTAL ASSETS	4,174,361,285	3,724,364,378

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	As at	
	31 December 2025 US$	31 December 2024 US$
LIABILITIES		
Reinsurance contracts liabilities	2,432,292,517	2,216,822,989
Retrocession contract liabilities	29,699,138	31,458,572
Derivatives	182,918	-
Other payables and accrued liabilities	11,150,194	16,937,456
Lease liabilities	6,958,159	9,737,796
Current tax payables	-	364,147
Deferred tax liabilities	2,041,659	4,548,955
TOTAL LIABILITIES	2,482,324,585	2,279,869,915
NET ASSETS	1,692,036,700	1,444,494,463
EQUITY		
Share capital	786,720,714	786,720,714
Reserves	552,253,486	405,358,819
Total shareholders' fund	1,338,974,200	1,192,079,533
Perpetual capital securities	353,062,500	252,414,930
TOTAL EQUITY	1,692,036,700	1,444,494,463

Tang Yan
Director

Chen Kaihong
Director and Chief Financial Officer

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

A summary of the Company's reserves is as follows:

	Attributable to							
	Ordinary shareholders							
	Share capital US$	Retained earnings US$	Fair value reserve US$	Exchange translation reserve US$	Reinsurance finance reserve US$	Total ordinary shareholders fund US$	Perpetual capital securities US$	Total equity US$
Total equity as at 1 January 2025	786,720,714	409,395,617*	(18,325,404)*	(16,684,281)*	30,972,887*	1,192,079,533	252,414,930	1,444,494,463
Redemption of perpetual capital securities	-	-	-	-	-	-	(250,000,000)	(250,000,000)
Issuance of perpetual capital securities	-	-	-	-	-	-	350,000,000	350,000,000
Profit for the year	-	176,680,816	-	-	-	176,680,816	14,022,570	190,703,386
Other comprehensive income for the year:								
Changes in fair value on fair value through other comprehensive income investments, net of tax	-	-	32,719,684	-	-	32,719,684	-	32,719,684
Net reinsurance finance results, net of tax	-	-	-	-	(32,584,850)	(32,584,850)	-	(32,584,850)
Reclassification adjustment for an associate	-	-	-	-	-	-	-	-
Exchange difference on translation of foreign operations	-	-	-	79,017	-	79,017	-	79,017
Total comprehensive income for the year	-	176,680,816	32,719,684	79,017	(32,584,850)	176,894,667	14,022,570	190,917,237
Distribution paid for perpetual capital securities	-	-	-	-	-	-	(13,375,000)	(13,375,000)
Dividend paid	-	(30,000,000)	-	-	-	(30,000,000)	-	(30,000,000)
Total equity as at 31 December 2025	786,720,714	556,076,433*	14,394,280*	(16,605,264)*	(1,611,963)*	1,338,974,200	353,062,500	1,692,036,700

* These reserve accounts comprise the reserves of US$552,253,486 (2024: US405,358,819) in the statement of financial position of the Company.

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Attributable to							
	Ordinary shareholders							
	Share capital US$	Retained earnings US$	Fair value reserve US$	Exchange translation reserve US$	Reinsurance finance reserve US$	Total ordinary shareholders fund US$	Perpetual capital securities US$	Total equity US$
Total equity as at 1 January 2024	786,720,714	247,289,988*	(11,065,824)*	(14,653,843)*	44,472,407*	1,052,763,442	252,414,930	1,305,178,372
Redemption of perpetual capital securities	-	-	-	-	-	-	-	-
Issuance of perpetual capital securities	-	-	-	-	-	-	-	-
Profit for the year	-	162,105,629	-	-	-	162,105,629	13,375,000	175,480,629
Other comprehensive income for the year:								
Changes in fair value on fair value through other comprehensive income investments, net of tax	-	-	(7,685,070)	-	-	(7,685,070)	-	(7,685,070)
Net reinsurance finance results, net of tax	-	-	-	-	(13,499,520)	(13,499,520)	-	(13,499,520)
Reclassification adjustment for an associate	-	-	425,490	-	-	425,490	-	425,490
Exchange difference on translation of foreign operations	-	-	-	(2,030,438)	-	(2,030,438)	-	(2,030,438)
Total comprehensive income for the year	-	162,105,629	(7,259,580)	(2,030,438)	(13,499,520)	139,316,091	13,375,000	152,691,091
Distribution paid for perpetual capital securities	-	-	-	-	-	-	(13,375,000)	(13,375,000)
Dividend paid	-	-	-	-	-	-	-	-
Total equity as at 31 December 2024	786,720,714	409,395,617*	(18,325,404)*	(16,684,281)*	30,972,887*	1,192,079,533	252,414,930	1,444,494,463

* These reserve accounts comprise the reserves of US$405,358,819 (2023: US266,042,728) in the statement of financial position of the Company.

33. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 April 2026.