Disclosure Statement at 31 December 2025

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

1 Company profile

(a) Authorized insurer's name

United Builders Insurance Company Limited

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

The Company carries on general insurance business in Hong Kong under the regulation of the Insurance Authority of Hong Kong SAR ("Insurance Authority").

We focus on direct and reinsurance business lines – including General Third Party Liability, Employees' Compensation, Accident and Health, Property Damage & All Risks, Contractors All Risks and Pecuniary Loss insurance classes of business.

(c) Description of corporate structure

The Company was incorporated in Hong Kong in 1957. The controlling shareholders include:

- Forever Joy Investment Limited; and
- Sino Dragon Holding Limited.

Both companies are Hong Kong based prominent investors to serve the general public.

2 Corporate governance framework

The Company is governed and managed by its Board of Directors ("the Board"). The Board plays a pivotal role in Enterprise Risk Management ("ERM") framework:

- in setting the overall strategies;
- in formulating policies of the organization; and
- in overseeing the performance of management.

To ensure effective monitoring and supervision, the Board delegates specific functions to a range of committees, namely:

- Executive Committee (with Underwriting, Reinsurance & claims Sub-Committees);

- Investment Committee;
- Audit Committee;
- Risk Committee; and
- Nomination and Remuneration Committee.

Each committee is established to address distinct areas of governance. These committees provide, collectively, a structured framework that supports the Board in fulfilling its governance responsibilities.

The Board comprises members (including independent non-executive directors) with diverse expertise with professional backgrounds.

3 Financial position

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

(Unit: in HK$ thousands)	As at 31 December 2025					As at 31 December 2024				
	Total	Long term business	Of which belongs to: long term business – participating business	General business	Shareholders' fund (if applicable)	**Total**	Long term business	Of which belongs to: long term business – participating business	General business	Shareholders' fund (if applicable)
Total assets	564,809	-	-	564,809	-	518,757	-	-	518,757	-
Cash and deposits	335,293	-	-	335,293	-	324,681	-	-	324,681	-
Debt securities	-	-	-	-	-	-	-	-	-	-
Equities (including portfolio investments)	185,300	-	-	185,300	-	148,394	-	-	148,394	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Properties	-	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-
Reverse repurchase agreement	-	-	-	-	-	-	-	-	-	-
Other financial assets	15,267	-	-	15,267	-	14,801	-	-	14,801	-
Policyholder's account assets in respect of unit linked products or retirement scheme	-	-	-	-	-	-	-	-	-	-

(Unit: in HK$ thousands)	As at 31 December 2025					As at 31 December 2024				
	Total	Long term business	Of which belongs to: long term business – participating business	General business	Shareholders' fund (if applicable)	**Total**	Long term business	Of which belongs to: long term business – participating business	General business	Shareholders' fund (if applicable)
Reinsurance assets	26,321	-	-	26,321	-	28,478	-	-	28,478	-
Tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	2,628	-	-	2,628	-	2,403	-	-	2,403	-
Total liabilities	240,782	-	-	240,782	-	229,108	-	-	229,108	-
Insurance liabilities	207,446	-	-	207,446	-	203,467	-	-	203,467	-
Reinsurance liabilities	-	-	-	-	-	-	-	-	-	-
Repurchase agreement	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	10,589	-	-	10,589	-	8,579	-	-	8,579	-
Tax liabilities	6,898	-	-	6,898	-	3,434	-	-	3,434	-
Other liabilities	15,840	-	-	15,840	-	13,628	-	-	13,628	-
Net assets	324,027	-	-	324,027	-	289,649	-	-	289,649	-

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

The Company's balance sheet strengthened during the year with total assets amounting to HK$ 564 million (2024: HK$ 518 million). This 9% growth was primarily attributable to:

- an increase in equity portfolio holdings due to favorable market performance; and
- disciplined equity portfolio allocation.

Total liabilities recorded modest increase to HK$ 240 million (2024: HK$ 229 million). Insurance liabilities rose slightly to HK$ 207 million (2024: HK$ 203 million). This is in consistent with the stable underwriting strategies.

The ultimate net assets of the Company improved to HK$ 324 million (2024: HK$ 289 million) - representing a 12% uplift. The strong balance sheet highlights the commitment of the Company to serve the general public.

These factors collectively reinforce the solvency strength and well position the Company to sustain future growth in a competitive market environment.

4 Investments

(a) Assumptions and methods used for valuation of investments

> The Company values and measures its investments on fair value basis. This is in accordance with applicable accounting standards and requirements of the Insurance Authority.

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

> The Company's valuation methods and assumptions remained consistent with those adopted in the prior year. No material changes were made to the valuation framework or the underlying assumptions.

5 Insurance liabilities

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

Insurance Liabilities of General Business

(Unit: in HKD thousands)	As at 31 December 2025									
	Direct insurance							Reinsurance		Total general business
	Accident and health	Motor vehicle	Marine, aviation, and transport	Property damage	Employees' compensation	General liability	Pecuniary loss	Proportional	Non-proportional	
Total general insurance liabilities (gross of reinsurance)										207,446
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	156	-	-	6,298	174,331	14,529	895	11,237	-	207,446
Outstanding claims liabilities	137	-	-	4,846	127,849	10,541	707	9,516	-	153,596
Premium liabilities	14	-	-	1,156	26,270	2,389	129	318	-	30,276
Margin over current estimate for outstanding claims liabilities	4	-	-	210	16,256	1,279	50	1,353	-	19,152
Margin over current estimate for premium liabilities	1	-	-	86	3,956	320	9	50	-	4,422
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	50	-	-	2,743	153,299	13,504	404	11,125	-	181,125

(Unit: in HKD thousands)	As at 31 December 2024									
	Direct insurance							Reinsurance		Total general business
	Accident and health	Motor vehicle	Marine, aviation, and transport	Property damage	Employees' compensation	General liability	Pecuniary loss	Proportional	Non-proportional	
Total general insurance liabilities (gross of reinsurance)										203,467
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	95	-	-	4,115	176,776	10,391	993	11,096	-	203,466
Outstanding claims liabilities	83	-	-	2,995	119,390	7,094	889	9,413	-	139,864
Premium liabilities	10	-	-	950	37,233	2,256	32	263	-	40,744
Margin over current estimate for outstanding claims liabilities	2	-	-	117	15,377	778	69	1,379	-	17,722
Margin over current estimate for premium liabilities	-	-	-	53	4,776	263	4	41	-	5,137
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	28	-	-	1,586	152,754	9,083	495	11,042	-	174,988

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

The valuation of insurance liabilities is mainly based on loss development method, expected loss ratio method and Bornhuetter-Ferguson (BF) method. The corresponding principal assumptions are described below.

- Loss development method assumes past claims development experiences provide a reasonable guide to future claims development. Future claims development is estimated by loss development factors, which are based on historical patterns of claim emergence of losses, supplemented with industry benchmarks of similar risk profile.
- Expected loss ratio method assumes priori estimate is better estimate than claims experience observed to date. Expected loss ratios are estimated based on historical loss ratio experiences of own insurance portfolios, supplemented with industry benchmarks of similar risk profile.
- Bornhuetter-Ferguson (BF) method assumes unreported losses will develop based on expected losses. Unreported proportion and expected losses are determined based on loss development factors and expected loss ratios described above, respectively.
- Expected losses related to future claim events are assumed to be similar to recent claim experiences. Expected loss ratios for premium liabilities are estimated based on loss ratio in current year or weighted average of loss ratios in recent years.
- Present value of insurance liabilities is calculated by applying discounting factors to expected future cash flows. Expected future cash flows are derived by applying payment pattern assumptions from loss development factors. Discounting factors are derived from specified risk-free yield curves published by Insurance Authority, with assumption of evenly settlement of future cash flows during each of 12 months period.
- Margin over current estimate is assessed by applying bootstrapping method to historical claim data such that the margin provides for a 75% probability of adequacy. Industry benchmarks of similar risk profile are supplemented if own statistics are not fully credible.

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

In the current reporting year, the Company’s valuation methods and assumptions in insurance liabilities remained consistent with those adopted in the prior year. No material changes were made to the valuation framework or the underlying assumptions.

6 Financial performance

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

Performance Analysis on Premiums and Claims

(Unit: in HKD thousands)	For the financial year ended 31 December 2025				For the financial year ended 31 December 2024			
	Total	Long term business	Of which belongs to: long term business – participating business	General business	**Total**	Long term business	Of which belongs to: long term business – participating business	General business
Gross premiums	83,227	-	-	83,227	84,696	-	-	84,696
Regular premiums	-	-	-	-	-	-	-	-
Single premiums	-	-	-	-	-	-	-	-
Net premiums	65,587	-	-	65,587	69,065	-	-	69,065
Regular premiums	-	-	-	-	-	-	-	-
Single premiums	-	-	-	-	-	-	-	-
Gross claims paid	25,797	-	-	25,797	36,465	-	-	36,465
Net claims paid	24,972	-	-	24,972	28,692	-	-	28,692

Performance Analysis on Investment Returns

(Unit: in HKD thousands)	For the financial year ended 31 December 2025					For the financial year ended 31 December 2024				
	Total	Long term business	Of which belongs to: long term business – participating business	General business	Shareholders' fund (if applicable)	**Total**	Long term business	Of which belongs to: long term business – participating business	General business	Shareholders' fund (if applicable)
Investment returns	46,955	-	-	46,955	-	38,014	-	-	38,014	-

(b) Material change or other commentary on financial performance

For the year ended 31 December 2025, gross premiums reached HK$ 83 million (2024: HK$ 84 million) due to fierce market competition.

Claims reduced noticeably. Gross paid claims stood at HK$ 25 million (2024: HK$ 36 million) and net paid claims HK$ 24 million (2024: HK$ 28 million). This improvement highlights better claims experience and effective risk control.

Investment returns rose to HK$ 46 million (2024: HK$ 38 million), driven by positive market performance and sound investment strategies.

Overall, the Company's financial performance improved during the year - supported by disciplined underwriting, lower claims, and strong investment returns.

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

Underwriting Results of General Business

(Unit: in HKD thousands)	For the financial year ended 31 December 2025									
	Direct insurance							Reinsurance		Total general business
	Accident and health	Motor vehicle	Marine, aviation, and transport	Property damage	Employees' compensation	General liability	Pecuniary loss	Proportional	Non-proportional	
Gross premium	322	-	-	9,194	59,580	10,634	389	2,838	-	83,227
Net premium	73	-	-	2,850	50,727	9,088	105	2,744	-	65,587
Net undiscounted best estimate combined business results, relating to current year	10	-	-	(156)	(3,341)	880	4	(1,179)	-	(3,782)
Net undiscounted best estimate combined business results, relating to prior year	8	-	-	267	14,490	(177)	135	412	-	15,135
Undiscounted underwriting results - profit / (loss)	15	-	-	18	10,270	203	157	(740)	-	9,923

(Unit: in HKD thousands)	For the financial year ended 31 December 2024									
	Direct insurance							Reinsurance		Total general Business
	Accident and health	Motor vehicle	Marine, aviation, and transport	Property damage	Employees' compensation	General liability	Pecuniary loss	Proportional	Non-proportional	
Gross premium	263	-	-	7,468	61,253	12,426	400	2,886	-	84,696
Net premium	49	-	-	2,793	53,193	10,122	171	2,737	-	69,065
Net undiscounted best estimate combined business results, relating to current year	11	-	-	664	(5,784)	2,364	(1,751)	1,105	-	(3,391)
Net undiscounted best estimate combined business results, relating to prior year	(10)	-	-	325	10,354	226	7	740	-	11,642
Undiscounted underwriting results – profit / (loss)	1	-	-	965	2,337	2,190	(1,769)	2,183	-	5,907

(d) Material change or other commentary on underwriting results

For the year ended 31 December 2025, the Company recorded an underwriting profit of HK$ 9.9 million (2024: HK$ 5.9 million). The improvement was mainly driven by strong performance in Employees' Compensation business.

7 Capital adequacy

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

Prescribed Capital Amount

(Unit: in HKD thousands)	As at 31 December 2025	As at 31 December 2024
Market risk (diversified RCA)	83,595	69,603
Interest rate risk RCA	6,477	7,540
Credit spread risk RCA	-	-
Equity risk RCA	79,845	65,080
Property risk RCA	-	-
Currency risk RCA	1,208	1,625
Diversification benefits within market risk	(3,937)	(4,642)
Life Insurance Risk (diversified RCA)	-	-
Mortality risk RCA	-	-
Longevity risk RCA	-	-
Life catastrophe risk RCA	-	-
Morbidity risk RCA	-	-
Expense risk RCA	-	-
Lapse risk RCA	-	-
Diversification benefits within life insurance risk	-	-
General Insurance Risk (diversified RCA)	45,523	49,098
Reserve and premium risk RCA	45,006	48,644
Natural catastrophe risk RCA	1,919	1,704
Man-made non-systemic catastrophe risk RCA	-	-
Man-made systemic catastrophe risk RCA	-	-
Mortgage insurance risk RCA	-	-
Diversification benefits within general insurance risk	(1,410)	(1,250)
Counterparty default and other risk RCA	12,770	14,638
Diversification benefits among risk modules	(32,569)	(33,105)
Operational risk RCA	4,997	4,967
Adjustment for loss absorbing capacity cap	-	-
Adjustment for tax effect	(11,360)	(6,522)
Any other items which the IA may specify to adjust	-	-
Prescribed capital amount	102,956	98,678

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

Capital Base

(Unit: in HKD thousands)	As at 31 December 2025	As at 31 December 2024
Unlimited Tier 1 capital	324,027	289,649
Limited Tier 1 capital	-	-
Tier 2 capital	-	-
Capital base	324,027	289,649

(c) Ratio of capital base to prescribed capital amount

	As at 31 December 2025	As at 31 December 2024
Ratio of capital base to prescribed capital amount	314.723**%**	293.528 %

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

As at 31 December 2025, the Prescribed Capital Amount (PCA) increased to HK$ 102 million (2024: HK$ 98 million); mainly driven by higher market risk requirements. General insurance risk declined modestly to HK$ 45 million (2024: HK$ 49 million). This is in consistent with improved claims experience and stable underwriting.

The capital base strengthened to HK$ 324 million (2024: HK$ 289 million) due to retained earnings and asset growth. As a result, the ratio of capital base to prescribed capital amount improved to 314.7% (2024: 293.5%).

The Company's solvency position remains robust, with capital growth outpacing the increase in prescribed capital requirements.

8 Risk Management

(a) Risk appetite and risk governance framework

The Company maintains a clearly defined risk appetite and governance framework consistent with the Insurance Authority's Guideline on Enterprise Risk Management (GL21) and the Hong Kong Risk-Based Capital (HKRBC) regime. The Board of Directors, through its Risk Committee, establishes the Company's risk appetite across material risk categories and ensures that risk management objectives are aligned with strategic priorities. The risk appetite statement is formally approved by the Board and serves as the foundation for risk oversight and monitoring.

The Company's principal risk categories include insurance risk, market risk, and capital risk. These are measured against key indicators such as the PCR solvency ratio, return on equity, and net asset value. During the financial year, the Company successfully achieved its risk targets, demonstrating resilience and adherence to its defined appetite.

The governance framework ensures clear accountability and effective oversight. The Board retains ultimate responsibility for establishing and overseeing the Enterprise Risk Management Framework, while the Risk Committee is delegated to independently monitor the effectiveness of the risk management system. Senior management is responsible for executing the risk management objectives and implementing the Risk Appetite Statement. Reporting lines between the Board, Risk Committee, and management are clearly defined, ensuring transparency, accountability, and effective execution of risk governance.

(b) Insurance risk management

Risk assessment for material insurance risks is conducted at both the total portfolio level and, where relevant, by line of business. The Underwriting Guideline, reviewed and approved annually, sets out the Company's underwriting objectives and philosophy, including territorial scope, limits, and exclusions. This ensures that underwriting practices remain consistent, disciplined, and aligned with the Company's overall risk appetite.

Concentration risk is assessed from a strategic perspective, with the objective of avoiding excessive exposure to any single line of business. Diversification across multiple classes of insurance is embedded in day-to-day underwriting practices, thereby mitigating the potential impact of adverse developments in any one segment.

To control and transfer material insurance risks, the Company maintains a comprehensive reinsurance program that is reviewed annually. The Reinsurance Guideline prescribes the principles and standards for arranging reinsurance protection, ensuring that exposures to accumulation risks—particularly catastrophic events—are effectively limited. This program provides a critical safeguard for solvency and policyholder protection.

Governance of insurance risk is overseen by the Executive Committee, the authority of which is delegated by the Board. Under its purview, the Underwriting Sub-committee and the Claims and Reinsurance Sub-committee are established to formulate policies and guidelines on underwriting, reinsurance, and technical reserve provisions. Regular reporting and structured meetings between management, committees, and the Board ensure transparency, accountability, and compliance with regulatory expectations.

(c) Investment risk management

The Company's investment management objectives are designed to ensure that sufficient assets are maintained at all times to cover its liabilities, in alignment with the Insurance Authority's expectations under Rule 5(3)(d) and the Hong Kong Risk-Based Capital ("HKRBC") framework. The Company adopts a prudent risk-taking attitude, avoiding excessive exposure, and achieves diversification through allocation across different asset classes. This disciplined approach supports both solvency adequacy and long-term financial stability.

The Company pursues a buy-and-hold portfolio strategy, seeking to generate stable income while achieving capital appreciation. Investments are made in a diversified portfolio of securities, including listed equities, debt instruments, listed and unlisted funds, and other strategic opportunities. This strategy reflects the Company's risk appetite for balanced growth while maintaining resilience against market volatility.

Concentration risk is managed through an investment mandate that prescribes limits for each asset counter and individual asset. This mandate is reviewed regularly to ensure compliance with regulatory requirements and to mitigate undue exposure to any single issuer or asset class. Risk control is further supported by ongoing monitoring of portfolio performance, solvency adequacy, and stress testing against adverse market scenarios.

Governance of investment risk is overseen by the Investment Committee, which is delegated authority by the Board. The Committee convenes regularly to review the investment policy, mandate, and strategy, ensuring that decisions remain consistent with the Company's risk appetite and regulatory obligations. In addition, the Committee

monitors the RBC solvency adequacy against the investment portfolio and executes relevant investment decisions to safeguard capital strength and policyholder protection.

9 Statement of Compliance

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

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

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

(iv) I am satisfied that United Builders Insurance Company Limited has complied with all capital requirements that apply to it under the Insurance (Valuation and Capital) Rules (as relaxed or varied, if applicable), during the financial year to which this disclosure statement relates.

Name:	**Wong Wing Kin Josiah**
Position:	**CEO**
Company Name:	United Builders Insurance Company Limited