

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

OneDegree Hong Kong Limited

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

OneDegree Hong Kong Limited (the Company) is a general insurance company incorporated in Hong Kong. The major lines of business are Accident & Health, Property Damage and General Liability. The Company also has inward reinsurance business on General Liability. The majority of both business operations and the principal activities are in Hong Kong.

- (c) Description of corporate structure

The Company is a wholly-owned subsidiary of AI Financial Technology Holding Company, which is incorporated in the Cayman Islands.

2 Corporate governance framework

Board of Directors

As at December 31, 2025, the Company's Board comprised of five directors, three of which are INED. The Board Chairman and the Chairman of the Board Audit Committee is an INED.

The Board has overall responsibility for establishing and overseeing the Enterprise Risk Management (ERM) framework for solvency purposes. To fulfil this responsibility, the Board appoints the key persons in control functions, approves the Risk Appetite Statement and the various risk management policies. The Board approves any extraordinary transactions that impact or have the potential to impact the Company.

In addition, the Board established the Board Risk Committee and Board Audit Committee. The Board delegates to the Board Risk Committee to review the adequacy and effectiveness of the ERM framework for solvency purposes, including the ORSA process and ORSA report.

The Board delegates the authority to senior management to review, approve and implement operational policies and procedures, in line with the Risk Appetite Statement.

Board Risk Committee

The Board Risk Committee consists of three directors including one INED. The duties of the Board Risk Committee includes advising the Board on the company's risk appetite, key risk

management policies and procedures; independently review the identification, measurement, monitoring and management of material risks and any areas of material non-compliance with the ERM framework; approve or reject underwriting risks exceeding the limits set in the Risk Appetite Statement that are referred to the Committee; advise the Board in reviewing the adequacy and effectiveness of the ERM framework, including the ORSA; and report to the Board on matters of risk management and escalate issues of importance when necessary.

Board Audit Committee

The Board Audit Committee consists of three directors including two INED, one of whom acts as the Committee Chairman. The duties of the Committee includes providing an independent review of the adequacy and effectiveness of financial reporting process and internal control system; review the adequacy, effectiveness, independence, scope and results of internal audit function and external auditor; recommend appointment and changes of external auditors; review the clarity and completeness of disclosures in the financial statements; and escalate to the Board on significant financial reporting issues and judgements related to the preparation of financial statements and interim reports.

Internal Audit

The Company's internal audit function is outsourced to an external CPA firm. This function reports directly to the Board Audit Committee

3 Financial position

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

(Unit: in HKD thousands)	As at 31 December 2025	As at 31 December 2024
	Total	Total
Total assets	<i>437,986</i>	<i>410,287</i>
Cash and deposits	<i>110,707</i>	<i>131,345</i>
Debt securities	-	-
Equities (including portfolio investments)	-	-
Derivative financial instruments	-	-
Properties	-	-
Loans and advances	-	-
Reverse repurchase agreement	-	-
Other financial assets	<i>223,253</i>	<i>201,529</i>
Policyholder's account assets in respect of unit linked products or retirement scheme	-	-
Reinsurance assets	<i>90,408</i>	<i>66,136</i>
Tax assets	-	-
Other assets	<i>13,618</i>	<i>11,277</i>
Total liabilities	<i>352,571</i>	<i>333,270</i>
Insurance liabilities	<i>126,519</i>	<i>95,884</i>
Reinsurance liabilities	-	-
Repurchase agreement	-	-
Derivative financial instruments	-	-
Other financial liabilities	<i>201,498</i>	<i>212,808</i>
Tax liabilities	-	-
Other liabilities	<i>24,554</i>	<i>24,578</i>
Net assets	<i>85,415</i>	<i>77,017</i>

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

There is no material change compared to the prior financial year.

4 Investments

(a) Assumptions and methods used for valuation of investments

The cash and deposits held by the Company are recorded at cost.

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

There were no material changes in assumptions and methods.

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 (<u>gross</u> of reinsurance)	<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>	126,519
Total general insurance liabilities excluding other general insurance liabilities (<u>gross</u> of reinsurance)	1,218	-	-	115,163	-	8,863	-	1,277	-	126,521
Outstanding claims liabilities	716	-	-	20,301	-	3,671	-	458	-	25,145
Premium liabilities	380	-	-	89,275	-	4,361	-	500	-	94,515
Margin over current estimate for outstanding claims liabilities	63	-	-	425	-	307	-	108	-	903
Margin over current estimate for premium liabilities	59	-	-	5,162	-	524	-	211	-	5,956
Total general insurance liabilities excluding other general insurance liabilities (<u>net</u> of reinsurance)	773	-	-	30,118	-	3,991	-	1,234	-	36,116

(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)										95,884
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	696	-	-	88,942	-	5,727	-	519	-	95,884
Outstanding claims liabilities	316	-	-	10,869	-	2,193	-	124	-	13,502
Premium liabilities	307	-	-	73,106	-	2,870	-	253	-	76,536
Margin over current estimate for outstanding claims liabilities	27	-	-	520	-	218	-	31	-	796
Margin over current estimate for premium liabilities	46	-	-	4,447	-	446	-	111	-	5,050
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	432	-	-	25,699	-	3,099	-	519	-	29,749

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

Historical data was used to determine the ULAE (unallocated loss adjustment expense) and policy maintenance expense assumptions

In determining the insurance liability for digital asset business, given that no claims have been reported to date, conservative loss ratios by coverage were used.

The risk margins used are based on the external Certifying Actuary's internal statistical simulations that are benchmarked against similar portfolios in the region as well as referencing published research papers

No discounting was applied due to materiality considerations

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

Compared to 2024, no major changes in assumptions or methods used to derive these 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	Total
Gross premiums¹	<i>331,910</i>	<i>Not Applicable</i>
Regular premiums	<i>Not applicable</i>	<i>Not Applicable</i>
Single premiums	<i>Not applicable</i>	<i>Not Applicable</i>
Net premiums	<i>59,748</i>	<i>Not Applicable</i>
Regular premiums	<i>Not applicable</i>	<i>Not Applicable</i>
Single premiums	<i>Not applicable</i>	<i>Not Applicable</i>
Gross claims paid	<i>144,463</i>	<i>Not Applicable</i>
Net claims paid	<i>33,420</i>	<i>Not Applicable</i>

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	Total
Investment returns	<i>2,896</i>	<i>Not Applicable</i>

- (b) Material change or other commentary on financial performance (if any)

No material change or other commentary

¹ For long term business, it refers to premiums received and receivable during the financial year. For general business, it refers to written premiums.

(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	1,089	-	-	276,705	-	52,055	-	2,060	-	331,910
Net premium	643	-	-	40,671	-	16,467	-	1,967	-	59,748
Net undiscounted best estimate combined business results, relating to current year	(374)	-	-	8,420	-	(4,245)	-	455	-	4,255
Net undiscounted best estimate combined business results, relating to prior year	177	-	-	760	-	1,068	-	124	-	2,128
Undiscounted underwriting results – profit / (loss)	(234)	-	-	9,274	-	(3,266)	-	502	-	6,276

(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	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Net premium	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Net undiscounted best estimate combined business results, relating to current year	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Net undiscounted best estimate combined business results, relating to prior year	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Undiscounted underwriting results – profit / (loss)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

(d) Material change or other commentary on underwriting results (if any)

There is no material change or other commentary

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)	948	776
Interest rate risk RCA	-	-
Credit spread risk RCA	-	-
Equity risk RCA	-	-
Property risk RCA	-	-
Currency risk RCA	948	776
Diversification benefits within market risk	-	-
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)	24,426	24,508
Reserve and premium risk RCA	12,817	16,041
Natural catastrophe risk RCA	14,313	11,853
Man-made non-systemic catastrophe risk RCA	10,640	9,108
Man-made systemic catastrophe risk RCA	-	-
Mortgage insurance risk RCA	-	-
Diversification benefits within general insurance risk	(13,344)	(12,494)
Counterparty default and other risk RCA	6,261	4,942
Diversification benefits among risk modules	(4,658)	(3,813)
Operational risk RCA	8,093	7,291
Adjustment for loss absorbing capacity cap	-	-
Adjustment for tax effect	(5,787)	(5,561)
Any other items which the IA may specify to adjust	-	-
Prescribed capital amount	29,283	28,143

- (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	85,415	77,017
Limited Tier 1 capital	-	-
Tier 2 capital	-	-
Capital base	85,415	77,017

- (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	292%	274%

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

There is no material change on prescribed capital amount, capital base, and ratio of capital base to prescribed capital amount

8 Risk Management

- (a) Risk appetite and risk governance framework

The Company's Board of Directors (Board) is ultimately responsible for risk management within the company. The Risk Appetite Statement (RAS) defines the risk capacity and gives guidance to operational management on the risk limits of material risks. The RAS is issued by the Board and is reviewed at least once per year. All business planning and activities by the Company are aligned with the RAS.

The Board Risk committee comprises of directors from the Board and is charged with advising the Board on the RAS as well as the handling and decision-making of all risk-related matters. For risks that are expected to exceed the specified risk limit (per the RAS) will be referred to this Committee for discussion and subsequent approval/rejection. Some risk-related matters are also brought to the Board for discussion, where required.

Other elements of the Company's risk governance framework include various Policies and Procedures (P&P) that specify the core rules and the step-by-step actions that each department needs to follow, regular risk meetings to discuss operational and technology-related risks, and regular internal and external audits are also conducted to ensure adherence to P&Ps.

Finally, the entire risk governance framework is regularly reviewed and assessed, with improvements implemented where appropriate. On the solvency side, the Company's current and future solvency levels are calculated and stress-tested to ensure that solvency is maintained at or above the internal target level.

- (b) Insurance risk management

The Company's insurance portfolio is predominantly located in Hong Kong. The largest component is pet insurance which drives both the top-line and bottom-line results. However, the Company is growing the other lines of business to balance out the portfolio mix.

The Company's insurance liabilities are primarily short-tailed in nature, with a small amount being long-tailed. Actuaries responsible for evaluating liabilities use a range of statistical and actuarial techniques. These assumptions are determined after consultation with Claims, Product Development and Finance departments.

Efficient risk transfer is also a key component in the Company's insurance risk management. This is achieved via various proportional and facultative reinsurance for the pet, property, critical illness and digital asset portfolios.

The Company works with a diverse range of regional and global reinsurers.

In addition to the RAS, the governance on insurance risk includes P&Ps on pricing, product development, reinsurance, calculation of insurance liabilities, and claims management

(c) **Investment risk management**

Investment risk is considered to be low as the Company's investments are primarily held as cash or bank fixed deposits. This is consistent with the risk limits as specified in the RAS.

There are currently no plans to deviate from this strategy. All investment decisions require the approval of the Chief Executive.

(d) **Other risk management (if any)**

No other comments

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 OneDegree Hong Kong 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 OneDegree Hong Kong 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 OneDegree Hong Kong 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:	Chow Mei Wah, Emily
Position:	Chief Executive
Company Name:	OneDegree Hong Kong Limited