MILLIMAN CLIENT REPORT

Report of the Independent Actuary on the Transfer of Business from SCOR Reinsurance Company (Asia) Limited to the Hong Kong Branch of SCOR Reinsurance Asia-Pacific Pte Ltd

4 August 2026

Clement Bonnet, Principal & Consulting Actuary



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Table of Contents

INDEPENDENT ACTUARY'S STATEMENT OF OPINION 1

SECTION 1 INTRODUCTION 3

1.1. The Independent Actuary 3
1.2. Scope of my report 3
1.3. The framework for the independent actuary's consideration of the scheme 4
1.4. Qualifications and disclosures 5
1.5. Reliances 5
1.6. Limitations 6
1.7. Limits of liability and legal jurisdiction 7

SECTION 2 THE PARTIES TO THE SCHEME 8

2.1. Overview 8
2.2. SCOR SE 9
2.3. SCOR Reinsurance Company (asia) Limited 9
2.4. Scor ReinsuRance Asia-PacifIc PTE Ltd 10
2.5. Hong Kong Branch of Scor ReinsuRance Asia-PacifIc PTE Ltd 10

SECTION 3 EXISTING BUSINESS AND FUND STRUCTURES 11

3.1. SRC 11
3.2. The SRAPHK branch 13

SECTION 4 THE PROPOSED SCHEME OF TRANSFER 16

4.1. Purpose 16
4.2. Effective Date of transfer 16
4.3. The Transferring Business 17
4.4. Transfer of statutory records 19
4.5. Fund structure under the Scheme 20
4.6. Future operation 21
4.7. Cost and expenses related to the Scheme 21

SECTION 5 IMPACT OF THE PROPOSED TRANSFER – EFFECT ON THE BENEFIT EXPECTATIONS OF TRANSFERRING CEDANTS 22

5.1. Introduction 22
5.2. Considerations affecting benefit expectations of reinsurance cedants 22
5.3. Contractual benefits provisions 22
5.4. Other provisions subject to company discretion 23
5.5. Costs and expenses in relation to the Scheme 23
5.6. Tax implications 23
5.7. Contract terms and conditions 24

5.8. Conclusion 24
SECTION 6 IMPACT OF THE PROPOSED TRANSFER – EFFECT ON THE FINANCIAL SECURITY OF TRANSFERRING CEDANTS 25
6.1. Introduction 25
6.2. Considerations affecting financial security of Cedants 25
6.3. Reserving practices 26
6.4. Solvency position 27
6.5. Risk exposures 31
6.6. Retrocessions 35
6.7. Capitalisation policy 36
6.8. Risk policy and risk control framework 37
6.9. Liquidity risk management policy 39
6.10. Investment and aLM control framework 39
6.11. Credit rating 39
6.12. Governance / management arrangements 39
6.13. Regulatory overlay 40
6.14. Conclusion 42
SECTION 7 OTHER CONSIDERATIONS FOR TRANSFERRING CEDANTS 43
7.1. Introduction 43
7.2. Group structure 43
7.3. Cedant services 43
7.4. Operational changes 43
7.5. Unsettled claims 44
7.6. Continuity of legal proceedings 44
7.7. Premiums, mandates and other instructions 44
7.8. Variations to the Scheme 44
7.9. Conclusion 45
SECTION 8 IMPACT OF THE PROPOSED TRANSFER ON THE EXISTING SRAP CEDANTS 46
8.1. Introduction 46
8.2. Benefit expectations 46
8.3. Financial security 47
8.4. Other considerations 48
8.5. Conclusion 48
SECTION 9 CEDANT COMMUNICATIONS 49
9.1. Introduction 49
9.2. Identifying and tracing Cedants 49
9.3. Notifications to Transferring Cedants of SRC 49

9.4. Notifications to Non-Transferring Cedants of SRC 50
9.5. Notifications to Existing SRAP Cedants 50
9.6. Objections and queries 50
APPENDIX A TERMS OF REFERENCE 51
APPENDIX B KEY SOURCES OF DATA 54
APPENDIX C PRUDENTIAL REGULATION AUTHORITY HANDBOOK SECTION 2.27 TO 2.40 .. 56
APPENDIX D FINANCIAL CONDUCT AUTHORITY HANDBOOK SUP18.2.31G TO 18.2.41G 60
APPENDIX E STRESS AND SCENARIO TESTING RESULTS AND ASSUMPTIONS 64

Independent Actuary's Statement of Opinion

I, Clement Bonnet, am a Principal and Consulting Actuary of Milliman Limited ("Milliman"). I am a Fellow member of the French Institute of Actuaries and a Fellow member of the Actuarial Society of Hong Kong. I have been appointed to act as the Independent Actuary pursuant to Section 24 of the Hong Kong Insurance Ordinance (Cap. 41) ("Insurance Ordinance"), to provide an independent opinion on the terms and likely effects of the proposed scheme (the "Scheme") for the transfer of the long term reinsurance business (also hereinafter referred as "Transferring Business", "long term business", "life and health business" or "L&H business") from SCOR Reinsurance Company (Asia) Limited ("SRC") to the Hong Kong Branch (the "SRAPHK branch" or "SRAPHK") of SCOR Reinsurance Asia-Pacific Pte Ltd ("SRAP"). The term SRAPHK branch is also used to describe "SRAP acting through its Hong Kong branch".

Throughout this report, SRC and the SRAPHK branch are collectively referred to as the "Parties"; the reinsurance cedants transferring to the SRAPHK branch in respect of SRC's Transferring Business are referred to as the "Transferring Cedants", who hold "Transferring Contracts"; and the existing reinsurance cedants of SRAP before the Scheme are referred to as the "Existing SRAP Cedants", who hold "Existing SRAP Policies". There will be no reinsurance cedants remaining in SRC after the Scheme.

The Scheme is an important component in the regional restructuring of SCOR Group and its subsidiaries, aimed at streamlining SCOR Group's operating model in Asia. Its overarching objective is to improve the firm's ability to provide high-quality support to clients throughout the region while maintaining a capital-efficient structure.

The scope of my review and opinions is mainly focused on the effects of the Scheme on the Transferring Cedants. I have also considered the effects of the Scheme on the Existing SRAP Cedants, who are outside the legal jurisdiction of Hong Kong, specifically in Taiwan and Macau. In particular, I have formed my view by considering:

- The likely effects of the Scheme on the reasonable expectations of the Cedants of SRC, the SRAPHK branch and SRAP, in particular, the Transferring Cedants with regard to benefits and levels of service;
- The effect of the Scheme on the financial security of the contractual benefits of the Cedants of SRC, the SRAPHK branch and SRAP, in particular, the Transferring Cedants; and
- The adequacy of safeguards in the Scheme to ensure that the Scheme operates as presented.

In forming my opinion, I have been given free access to available information, reports and documents that I considered necessary and requested. In addition, I have also been given free access to the representatives of the Parties.

The scope of my work is limited to the long term business of SRC, the SRAPHK branch and SRAP, pursuant to Section 24 of the Insurance Ordinance, although it is also important to note that there will be simultaneous transfer of SRC's general reinsurance business to the SRAPHK branch, by way of novation and/or pursuant to Section 25D of the Insurance Ordinance. It is intended that the proposed transfer of long term business and the general business carried on by SRC will take effect simultaneously on the same transfer date which is expected to be 1 January 2027.

In addition, the scope of my work does not include assessing the impact of the Scheme on the shareholders of SRC and SRAP. I have considered the Scheme as presented to me and have not considered any other alternative schemes of transfer.

In my opinion,

- The Scheme will not have a materially adverse effect on the reasonable expectations of the Cedants of SRC, the SRAPHK branch and SRAP respectively and, in particular, the Transferring Cedants with regard to benefits and levels of service.
- The Scheme will not have a materially adverse effect on the financial security of the contractual benefits of the Cedants of SRC, the SRAPHK branch and SRAP respectively and, in particular, the Transferring Cedants.
- I am satisfied that the proposed Scheme provides sufficient safeguards to ensure that the Scheme operates as presented.



Clement Bonnet

Fellow of the French Institute of Actuaries

Fellow of the Actuarial Society of Hong Kong

Independent Actuary

4 August 2026

Section 1 Introduction

1.1. THE INDEPENDENT ACTUARY

1.1.1. When an application is made to the High Court of the Special Administrative Region of Hong Kong, Court of First Instance (the "Hong Kong Court") for an order to sanction the transfer of long term insurance business from one insurer to another, it must be accompanied by a report on the terms of the scheme by an independent actuary in conformance to Section 24 of the Insurance Ordinance.

1.1.2. I have been appointed by SRC and SRAP as the Independent Actuary in connection with the proposed scheme of transfer of the long term reinsurance business of SRC to the SRAPHK branch, as a part of the regional restructuring of SCOR SE and its subsidiaries. The general reinsurance business of SRC will also be transferred simultaneously to SRAPHK branch through novation and/or another statutory mechanism under Section 25D of the Insurance Ordinance (the "Section 25D Transfer"), subject to the approval of the HKIA. The general reinsurance business written after the cut-off date of the Section 25D Transfer will be transferred to the SRAPHK branch through the novation clauses included under these reinsurance contracts.

1.1.3. My appointment as the Independent Actuary for the Scheme has been noted by the HKIA.

1.2. SCOPE OF MY REPORT

1.2.1. This report considers the effects of the Scheme on the Transferring Cedants and the Existing SRAP Cedants respectively. It does not assess the impact of the Scheme on the shareholders of SRC and SRAP. For the avoidance of doubt, there will be no reinsurance cedants remaining in SRC after the Scheme.

1.2.2. In addition, the scope of my work is limited to the long term business of SRC, the SRAPHK branch and SRAP, pursuant to Section 24 of the Insurance Ordinance, although it is also important to note that there will be simultaneous transfer of SRC's general reinsurance business to the SRAPHK branch, by way of novation and/or pursuant to Section 25D of the Insurance Ordinance.

1.2.3. I have considered the Scheme as presented to me and have not considered other possible alternative schemes.

1.2.4. In reporting on the proposed Scheme I owe a duty to the Hong Kong Court to help it on matters within my expertise. This duty overrides any obligation to any person from whom I have received instructions or by whom I am paid.

1.2.5. In preparing the report, I consulted the HKIA on the required contents and incorporated suggestions from the HKIA as appropriate.

1.2.6. My report has been prepared in accordance with the approach and expectations in the Section 2 paragraphs 27 to 40 of the Prudential Regulation Authority ("PRA") Handbook, as set out in "The Prudential Regulation Authority's approach to insurance business transfers" dated January 2022 (the "PRA Statement of Policy") and enclosed as Appendix C to this report. I have also referred to Chapter 18 of the Supervision Manual ("SUP 18") contained in the Financial Conduct Authority ("FCA") Handbook. Subsections SUP18.2.31G to SUP18.2.41G, which provides guidelines on the form of the independent expert[1] scheme report, are enclosed as Appendix D to this report. In February 2022, the FCA released a revised version of the document entitled "The FCA's approach to the review of Part VII insurance business transfers", where the FCA set out expectations regarding the information to be included within the independent expert's report under Section 6 of this document. I have also referred to this guidance in my report.

[1] The "independent expert" referred to by the FCA in this paragraph is defined according to the FCA Handbook, which differs from the "independent actuary" referred to by the HKIA pursuant to Section 24 of the Insurance Ordinance.

1.2.7. I have been provided with free access to the information that I requested as necessary to conduct my work. The key documents that have been made available to me include the Scheme document pursuant to Section 24 of the Insurance Ordinance; the Scheme of Transfer; the report of the Appointed Actuary of SRC on the Scheme; investment policy; statutory reserve and valuation reports; the Own Risk and Solvency Assessment ("ORSA") reports of the Parties; historical solvency positions of the Parties under the Hong Kong Risk-Based Capital ("HKRBC") basis; and information related to management of the Parties. Appendix B of this report shows the main items of information and documents provided. In addition, I have also been given unrestricted access to and held discussions with various representatives of the Parties.

1.2.8. I have considered the following areas when forming my opinion in this report:

- The likely effects of the Scheme on the reasonable expectations of the Cedants of SRC, the SRAPHK branch and SRAP, in particular, the Transferring Cedants with regard to benefits and levels of service;
- The effect of the Scheme on the financial security of the contractual benefits of the Cedants of SRC, the SRAPHK branch and SRAP, in particular, the Transferring Cedants; and
- The adequacy of safeguards in the Scheme to ensure that the Scheme operates as presented.

1.2.9. The report should be read together with the full terms of the Scheme and any Supplementary Reports for the reader to fully understand the implications.

1.2.10. I am also aware that SRC will continue to write new reinsurance business after the release of this Report and the Supplementary Report up to the point that the Scheme is implemented. The opinions set out in this report also apply to the Transferring Cedants that enter into reinsurance contracts subsequent to the release of this Report and the Supplementary Report, provided that there are no unusual clauses within those contracts that could give rise to different benefit expectations and there have been no material adverse events that harm the financial strength of SRC or SRAP during that period of time. I will confirm all of these with the Parties prior to Scheme implementation and report my findings to the Hong Kong Court and/or the HKIA if required.

1.3. THE FRAMEWORK FOR THE INDEPENDENT ACTUARY'S CONSIDERATION OF THE SCHEME

1.3.1. As Independent Actuary, my assessment of the impact of the implementation of the Scheme on the various affected cedants is ultimately a matter of expert judgement regarding the likelihood and impact of future possible events. Given the inherent uncertainty of the outcome of such future events and that the effects may differ across different groups of cedants, it is not possible to be certain of the effect on the cedants.

1.3.2. A scheme may have both positive and negative effects on different groups of cedants and the existence of detrimental effects should not necessarily imply that the Hong Kong Court should reject the Scheme as the positive effects may outweigh the negative effects or the negative effects may be very small.

1.3.3. In order to acknowledge this inherent uncertainty, the conclusions of the Independent Actuary in relation to transfer of long term insurance business are usually framed using a materiality threshold. If the potential impact under consideration is very unlikely to happen and does not have a significant impact, or is likely to happen but has a very small impact, then it is not considered to have a material effect on the cedants.

1.3.4. The assessment of materiality will also take into account the nature of the potential impact so that, for example, the materiality threshold for a change that could have a direct financial impact on cedants' benefits is likely to be lower than the materiality threshold for a change that does not have a direct financial impact.

1.3.5. This is the framework in which I undertake my consideration of the Scheme.

1.4. QUALIFICATIONS AND DISCLOSURES

1.4.1. I am a Fellow member of the Actuarial Society of Hong Kong and a Fellow member of the French Institute of Actuaries.

1.4.2. I am a Principal and Consulting Actuary of Milliman Limited, residing at 3901-02, AIA Tower, 183 Electric Road, North Point, Hong Kong. I have been based in Hong Kong since 2012. I consider my knowledge and experience, which includes the familiarity with the types of long term business written by the Parties involved, as well as my experience with previous Section 24 portfolio transfers, to be suitable and relevant in accepting the appointment as the Independent Actuary for the Scheme.

1.4.3. I am not a shareholder in SCOR SE or any of its subsidiaries. I have no other financial interest in SCOR SE. Moreover, my compensation related to this appointment is independent of the outcome of the Scheme.

1.4.4. The terms of reference relevant to this report, including general requirements of the Independent Actuary, scope of work of the Independent Actuary in relation to the Scheme and any prior assignment undertaken for the Parties, are set out in Appendix A of this report.

1.5. RELIANCES

1.5.1. In preparing my report, I have had access to documentary evidence provided by the Parties, the key elements of which are listed in Appendix B. I have also relied on the Appointed Actuary and other members of the senior management team of the Parties about their operations. In this report I have specifically attributed certain statements to such persons, and I have relied upon the accuracy of those (and other statements) made to me.

1.5.2. I have relied upon the information provided to me in written or oral form. However, I have performed relevant checks to assess the consistency, completeness, and accuracy of the information, including reconciliations of key data to audited financial statements and statutory filings, and challenging and seeking explanations for any apparent inconsistencies or discrepancies identified. I have also taken account of external assurance, noting that certain key information, including the balance sheets, statutory reserves, and the end-to-end process from data inputs to model to the production of final results, has been subject to audit and sign off from the Appointed Actuary with no adverse findings or qualifications. While I have not independently verified all information provided, based on the checks performed and my own experience of the reinsurance industry, I am satisfied that the information is reasonable and fit for the purposes of this report. In particular,

- I have been provided with the solvency positions under the HKRBC basis for the years ended 31 December 2024 to 31 December 2025, as presented in Section 66 of this report. The results have been reviewed by the Appointed Actuary. As the pre-Scheme results of SRC have been submitted to the HKIA, and the balance sheets underlying the HKRBC solvency results have been audited, I am satisfied with, and have relied upon, the accuracy of these figures. While certain estimates of post-Scheme solvency positions have not been subject to external audit, they have been subject to internal review and have been confirmed by the Appointed Actuary.
- I have been provided with the business plan of the long term business of the SRAPHK branch as part of the branch application for operation of reinsurance business in Hong Kong. I have also been provided with projected solvency positions of the SRAPHK branch under certain stress assumptions. I understand these projections have been signed off by the Appointed Actuary.

1.5.3. I have not independently reviewed the calculations provided to me and I explicitly rely on the Parties and their respective Accountable Actuary, Appointed Actuary or the Key Person of the Actuarial Function that all the calculations used in relation to the Scheme are appropriate and accurate as presented. Nevertheless, I have assessed the completeness and quality of the data underlying those calculations through the checks described in paragraph 1.5.2 above. I have also obtained confirmations from the appointed actuary, who is appointed as the Appointed Actuary of both SRC and SRAPHK branch, that the methodologies, assumptions, models, and controls applied are compliant with relevant regulatory requirements and internal standards, and that the data inputs are suitable for their intended use.

1.6. LIMITATIONS

1.6.1. This report has been prepared on the basis as set out in the report and its appendices. It has been written on the basis that it will be utilised by persons technically competent in the areas addressed and with knowledge of the business activities of the Parties and the nature of the risks and rewards inherent in the reinsurance sector in which they operate.

1.6.2. This report must be considered in its entirety as individual sections, if considered in isolation, may be misleading. Draft versions of this report should not be relied upon for any purpose. I have provided a summary of my report ("Summary Report") for inclusion in the letter to Transferring Cedants and, other than this, no summary of my report may be made without my express consent.

1.6.3. This report has been prepared by Milliman on an agreed basis for the Parties in the context of the Scheme and must not be relied upon for any other purpose. No liability will be accepted by Milliman, or me, for any application of my report for a purpose for which it was not intended nor for the results of any misunderstanding by any user of any aspect of the report.

1.6.4. The estimated financial positions of the Parties as at different valuation dates presented in this report are meant to be best estimates based on current information. The actual solvency level reported by the Parties on these valuation dates could vary from the estimates shown in this report due to various reasons, but I do not expect the deviations from the estimates shown would be material enough to affect my conclusions in this report.

1.6.5. When forming my conclusions in this report concerning the effect of the Scheme on the Transferring Cedants and the Existing SRAP Cedants, especially on the protection provided to the Cedants and safeguards in place under the Scheme, I have considered the Scheme in isolation while there is a chance where the situation could be changed by the Parties or by the Hong Kong branch itself as part of the normal management of the business according to the internal governance framework.

1.6.6. Other than as set out below, the report is not meant for use by any third party to do or omit to do anything and no third party should place any reliance on the report for that reason. This report and the opinions and conclusions contained herein are for the internal use of the management of the Parties, their professional advisors, their shareholders, their reinsurance cedants, regulators, and in court. With the exception of the limited distribution and disclosure of the report specified in paragraph below, the report and any written or oral information or advice provided by me or Milliman must not be reproduced, distributed or communicated in whole or in part to any other person, or be relied upon by any other person except with the written consent of me and Milliman.

1.6.7. If the Parties wish to release a copy of the report to third parties or advisors, except as provided in the engagement letter dated 15 April 2026 (the "Engagement Letter") and noted in Section 9, these parties must sign a disclaimer and release letter in the form approved by Milliman setting out the terms under which the information is provided and acknowledging that neither Milliman nor I assume any responsibility, liability or duty of care to them. If the

Parties wish to disclose extracts from the report in documents, Milliman and I need to give prior written consent to the proposed wording.

1.6.8. In accordance with Section 24 of the Insurance Ordinance, in respect of a sanction for the transfer of Transferring Business, the exceptions referred to above include:

- a copy of the report will be provided to the HKIA and the Monetary Authority of Singapore ("MAS");
- a copy of the report will be available for inspection at the premises in Hong Kong of the Parties concerned for a period of not less than 21 days subsequent to the publishing of a notice in the Gazette and in an approved English language newspaper and an approved Chinese language newspaper in Hong Kong in connection with the Scheme;
- a copy of the report will be made available to any person asking for one, provided that the request is made prior to an order for sanctioning the Scheme; and
- a copy of the report will be available from the corporate websites of the Parties.

1.6.9. The Parties have made an application to the Hong Kong Court for waivers in respect of translation of this report (including any Supplementary Report) into Chinese and the report has therefore not been translated into Chinese.

1.6.10. The use of Milliman's name, trademarks or service marks, or reference to Milliman directly or indirectly in any media release, public announcement or public disclosure, including in any promotional or marketing materials, websites or business presentations is not authorized without Milliman's prior written consent for each such use or release, which consent shall be given in Milliman's sole discretion.

1.6.11. This report was based on data available to me and Milliman at, or prior to the date of the report, and takes no account of developments after that date. Neither I nor Milliman is under any obligation to update or correct inaccuracies which may become apparent in the report. However, I will produce a Supplementary Report prior to the final hearings of the Scheme.

1.6.12. This report does not provide financial or other advice to individual Cedants.

1.7. LIMITS OF LIABILITY AND LEGAL JURISDICTION

1.7.1. This report is subject to the terms and limitations, including limitation of liability and legal jurisdiction, set out in the Engagement Letter.

Section 2 The Parties to the Scheme

2.1. OVERVIEW

2.1.1. The Scheme was initiated as part of the regional restructuring of SCOR SE and its subsidiaries, which is expected to enhance client centric services, optimise capital and enhance operational efficiency for the business in Asia Pacific.

2.1.2. Figure 2.1 and Figure 2.2 shows the SCOR Group structure of operating reinsurance entities and branches in Asia-Pacific before and after the transfer respectively. Descriptions of the Parties to the Scheme and key entities involved are provided in the following paragraphs.

FIGURE 2.1: THE SCOR SE GROUP WITHIN APAC BEFORE RESTRUCTURING

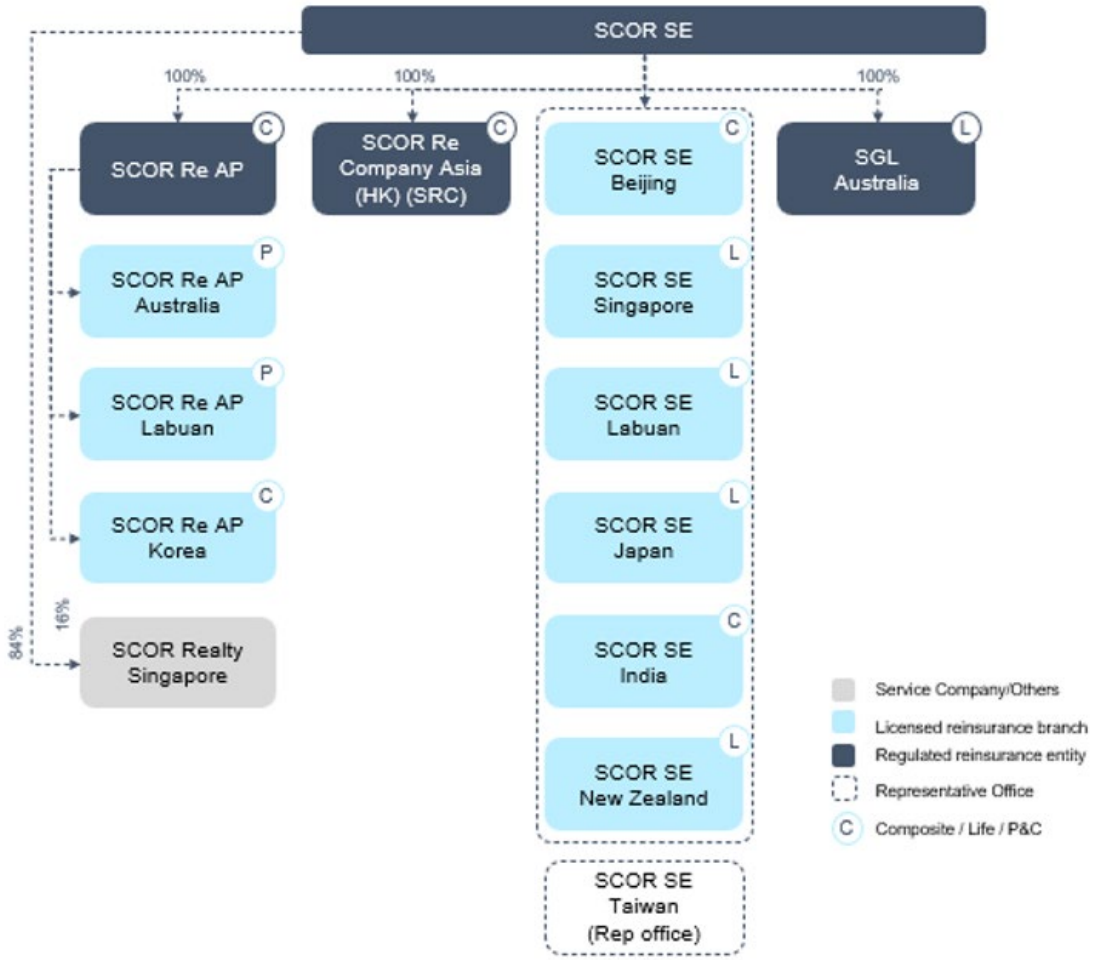
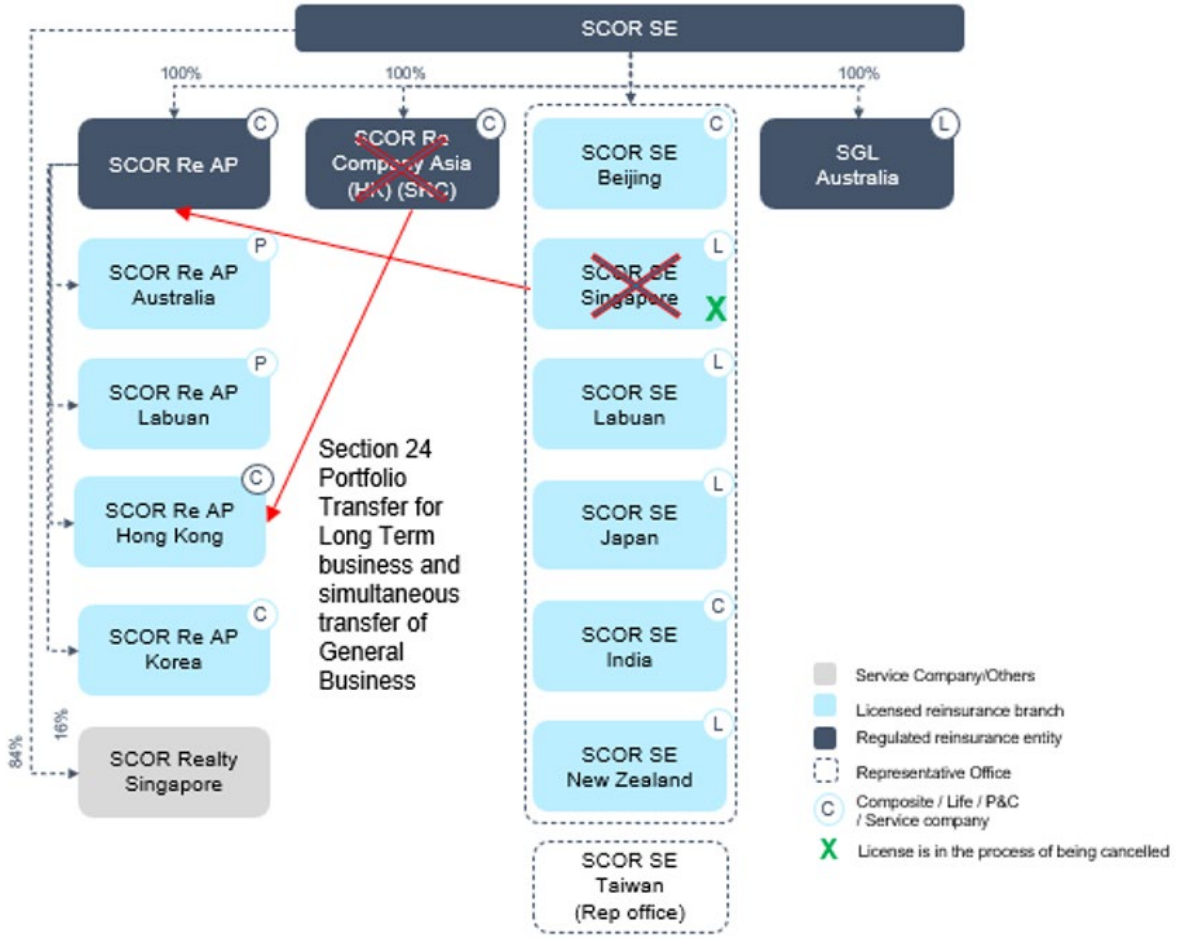


FIGURE 2.2: THE SCOR RE GROUP WITHIN APAC AFTER RESTRUCTURING (SIMPLIFIED)



2.1.3. As discussed in this report, the current Hong Kong entity, SRC, plans to transfer all its business to the SRAPHK branch subject to the Hong Kong Court approving the Scheme. All business of the SCOR SE Singapore Branch has been transferred to SRAP by way of a scheme of transfer in Singapore effective as of 1 January 2026. Other restructuring activities that may be considered in the future by SCOR SE is not considered in this report.

2.2. SCOR SE

2.2.1. SCOR SE and its consolidated subsidiaries (referred collectively as "SCOR" or "SCOR Group") is a global reinsurance company headquartered in France and established in 1970.

2.2.2. SCOR SE and its subsidiaries including SRC and SRAP provides life and non-life reinsurance solutions to clients worldwide and is organised in three activities, namely Property & Casualty, Life & Health and Investments.

2.3. SCOR REINSURANCE COMPANY (ASIA) LIMITED

2.3.1. SRC was incorporated in Hong Kong on 2 July 1985. It is a member of SCOR Group and is a wholly owned subsidiary of SCOR SE. It is the entity currently holding the long term and general reinsurance business that will be transferred.

2.3.2. SRC is an authorized insurer under the Insurance Ordinance with authorization to carry on reinsurance of long term business of classes A, D and I and all classes of general business

(as set out in Part 2 and Part 3, respectively, of Schedule 1 of the Insurance Ordinance) in or from Hong Kong. There has not been any class D business written by SRC since authorization, up to 31 December 2025. SRC also has a general reinsurance business fund, and it is licensed to underwrite all classes of general reinsurance.

2.3.3. As of 31 December 2025, the share capital of SRC amounted to USD 27.6 million. The shares were fully paid-in and held directly by SCOR SE.

2.4. SCOR REINSURANCE ASIA-PACIFIC PTE LTD

2.4.1. SRAP was registered as a company in Singapore pursuant to Section 359(1) of the Companies Act (Cap. 50) of Singapore on 20 April 1990. SRAP is licensed by the MAS as a reinsurer to carry on life and general business in Singapore under the Insurance Act (Cap. 142) of Singapore. It is also a member of SCOR Group and a wholly owned subsidiary of SCOR SE.

2.4.2. SRAP is registered in Hong Kong as a non-Hong Kong company under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

2.4.3. Before the transfer, SRAP consists of both long term and general reinsurance business from across the region. Based on the audited statement of financial position as disclosed by the MAS, SRAP had assets of SGD 4,391.8 million (HKD 26,375.6 million) and total liabilities of SGD 3,861.7 million (HKD 23,192.0 million) as at 31 December 2025, leading to a net asset of SGD 530.1 million (HKD 3,183.6 million). The net profit of SRAP in 2025 was SGD 49.3 million (HKD 296.1 million), compared to a net profit of SGD 53.1 million in 2024 (HKD 318.9 million).

2.4.4. As SRAP is registered and licensed as a reinsurer in Singapore, the proposed transfer is also subject to the approval of the MAS. An application was made to the MAS on 8 November 2024 and approval of the MAS was obtained on 5 March 2025.

2.5. HONG KONG BRANCH OF SCOR REINSURANCE ASIA-PACIFIC PTE LTD

2.5.1. The SRAPHK branch is the entity into which the long term and general reinsurance business of SRC will be transferred in accordance with the proposed Scheme with respect to the long term business and the novation and/or Section 25D Transfer of the general reinsurance business.

2.5.2. The SRAPHK branch is established with the sole aim of taking over all the long term businesses and general businesses carried on by SRC. The SRAPHK branch was registered with the Companies Registry of Hong Kong on 18 September 2025. In order to take over the long term business and general business carried out by SRC, an application was made by SRAP to the HKIA on 19 September 2025 for the authorization to carry on reinsurance of all classes of general business and classes A, D and I of long term reinsurance business. On 16 April 2026, formal authorization was granted by the HKIA to SRAP as an authorized insurer to carry on reinsurance of all classes of general business and classes A, D and I of long term business in or from Hong Kong, with effect from 17 April 2026.

2.5.3. Following the Scheme, the SRAPHK branch intends to maintain the same business operations in areas like client servicing, business mix, operational arrangements and tax treatment as SRC.

Section 3 Existing Business and Fund Structures

3.1. SRC

Overview

3.1.1. SRC is authorized to carry on long term reinsurance business of Classes A (Life and annuity), D (Permanent health) and I (Retirement scheme management category III) under Part 2 of Schedule 1 to the Insurance Ordinance.

3.1.2. As at 31 December 2025, the long term reinsurance business consisted of Class A (Life and annuity) only. The long term business was mainly whole of life and accident & health ("A&H") reinsurance business covering mortality, critical illness with no saving / interest-bearing elements, disability and medical benefits. As at 31 December 2025, no reinsurance business was written in Class D Fund and Class I Fund.

3.1.3. SRC is authorized to carry on all classes of general reinsurance business as set out in Part 3 of Schedule 1 to the Insurance Ordinance in Hong Kong:

Class	General business	Class	General business
1	Accident	10	Motor vehicle liability
2	Sickness	11	Aircraft liability
3	Land vehicles	12	Liability for ships
4	Railway rolling stock	13	General liability
5	Aircraft	14	Credit
6	Ships	15	Suretyship
7	Goods in transit	16	Miscellaneous financial loss
8	Fire and natural forces	17	Legal expenses
9	Damage to property		

3.1.4. The General Insurance business portfolio consists of property, engineering, credit & surety, casualty, motor, marine and A&H.

Fund structure

3.1.5. The business carried on by SRC comprises long term reinsurance business in Hong Kong with both onshore risk (i.e. risk in Hong Kong) and offshore risk (i.e. risks in Taiwan and Macau).

3.1.6. Before the Scheme, the current fund structure used by SRC to underwrite and administer its business is summarised below:

- SRC long term business funds (pursuant to Section 21B of the Insurance Ordinance):
  - SRC Class A Fund;
  - SRC Class D Fund; and
  - SRC Class I Fund;
- SRC general business fund.

3.1.7. Across the three sub-funds under SRC long term business, the assets have been notionally separated to support the insurance liabilities originated from Class A, Class D and Class I business respectively. SRC has not written any business within the Class D Fund since authorization, and there is no in-force business in Class I Fund since end of 2025.

3.1.8. No separate shareholder fund has been set up within SRC. The fund surplus (being the excess of asset over liabilities) that are attributed to the shareholders of SRC is included in the Class A Fund for the long term business while it sits under SRC general business fund for the general business.

Key statistics – Long term business

3.1.9. As at 31 December 2025, there are 279 reinsurance treaties in SRC long term business fund, accounting for total liabilities of HKD 564 million under HKRBC basis. As at 31 December 2025, some long term reinsurance treaties are retroceded, accounting for total retrocession liabilities of HKD 2,006 million. The breakdown of the total liabilities within the long term business fund is set out in Table 3.1. The in-force reserves are negative given the present value of future premiums is higher than the present value of future benefits and expenses.

TABLE 3.1: TOTAL LIABILITIES OF SRC LONG TERM BUSINESS AS AT 31 DECEMBER 2024 AND 31 DECEMBER 2025

HKD million	31 December 2024	31 December 2025
Insurance liabilities (gross of reinsurance / retrocession)	(1,444)	(1,975)
In-force reserves ("Gross CE")	(2,500)	(3,135)
Margin over Current Estimate ("MOCE")	193	263
Outstanding claims	862	897
Reinsurance / retrocession liabilities	1,195	2,006
Other liabilities	356	533
Total liabilities – long term business	**107**	**564**

Figures may not be additive due to rounding.

3.1.10. Table 3.2 shows statistics of SRC long term business split by line of business. The long term reinsurance business consists of four lines of business, namely Whole of Life, Accident and Health ("A&H") (Medical), A&H (Critical Illness with no saving / interest-bearing elements), and A&H (Accident & Disability). Majority of the business is A&H Critical Illness, accounting for 53% of total gross written premium in 2025, followed by the whole life business. The smallest portion is A&H Accident & Disability, which is expected to run-off in the subsequent years. As at 31 December 2025, all reinsurance treaties were written in the Class A Fund.

TABLE 3.2: SPLIT OF LONG TERM BUSINESS OF SRC LONG TERM BUSINESS AS AT 31 DECEMBER 2025

Line of business	Number of treaties	Gross written premium	Gross CE (HKD million)	Net CE[(1)] (HKD million)
Whole of Life	139	235	(1,020)	(447)
A&H (Medical)	38	127	(267)	(227)
A&H (Critical Illness)	98	411	(1,848)	(465)
A&H (Accident & Disability)	4	1	-	-
Total	**279**	**775**	**(3,135)**	**(1,138)**

Figures may not be additive due to rounding. (1) the Net CE is equal to the Gross CE net off retrocession CE asset and retrocession outstanding claims.

3.1.11. The life reinsurance business is comprised of onshore business from Hong Kong, and offshore business from Taiwan and Macau. As at 31 December 2025, the majority of the treaties are from Hong Kong, representing approximately 62% of the gross written premium, while 38% of the gross written premium is from Taiwan treaties and less than 1% is from Macau.

Key statistics – General business

3.1.12. The breakdown of the total liabilities within the general business fund as at 31 December 2024 and 31 December 2025 is set out in Table 3.3

TABLE 3.3: TOTAL LIABILITIES OF SRC GENERAL BUSINESS AS AT 31 DECEMBER 2024 AND 31 DECEMBER 2025

HKD million	31 December 2024	31 December 2025
General insurance liabilities (gross of reinsurance / retrocession)	1,061	1,009
Reinsurance / retrocession liabilities	0	0
Other liabilities	143	133
Total liabilities – General business	**1,205**	**1,142**

Figures may not be additive due to rounding.

3.1.13. Statistics detailing the split of the general business of SRC by line of business as at 31 December 2025 are shown in the table below:

TABLE 3.4: SPLIT OF SRC GENERAL BUSINESS LIABILITIES AS AT 31 DECEMBER 2025

Line of business	Total gross premium (HKD million)	General insurance liabilities (HKD million)
Accident & Health	181	79
Motor Vehicle	8	36
Marine, Aviation, and Transport	14	26
Property Damage	99	745
Employee Compensation (“EC”)	10	42
General Liability	5	67
Pecuniary Loss	7	13
Total	**323**	**1,009**

Figures may not be additive due to rounding.

3.2. THE SRAPHK BRANCH

Overview

3.2.1. As set out in paragraph 2.5.2, SRAP has obtained formal authorization from the HKIA in respect of its application for the authorization to carry on Classes A, D and I of long term reinsurance business and all classes of general reinsurance business in or from Hong Kong through the SRAPHK branch. The SRAPHK branch is expected to continue its role as primary long term business carrier for Hong Kong and other offshore markets including Taiwan and Macau.

3.2.2. The long term reinsurance business to be underwritten in the SRAPHK branch is expected to be the same as the one underwritten by SRC, consisting of Class A (Life and annuity) and Class D (Permanent health) and Class I (Retirement scheme management category III) under Part 2 of Schedule 1 to the Insurance Ordinance.

3.2.3. The general reinsurance business to be underwritten in the SRAPHK branch is expected to be the same as in the current SRC, consisting of all classes of general business as set out in paragraph 3.1.3.

Fund structure

3.2.4. For onshore Class A and Class I Hong Kong business, the SRAPHK branch will use the same fund structure as that used by SRC before the transfer, except that the funds and sub-funds will bear the name of the SRAPHK branch after the transfer.

3.2.5. For offshore business, in accordance with the Guideline on Valuation and capital requirements ("GL36"), SRAPHK will establish offshore RI funds to segregate the Taiwan and Macau offshore business from the Hong Kong onshore business.

3.2.6. Consequently, SRAPHK branch will establish and maintain the following funds:

- in respect of its long term business (onshore risk, i.e., risk in Hong Kong), a SRAP Long Term Onshore RI Fund, with the following sub-accounts:
  - SRAP Class A Onshore RI Fund which shall be maintained as a separate account for its class A long term business (onshore risk); and
  - SRAP Class I Onshore RI Fund which shall be maintained as a separate account for its class I long term business (onshore risk).

  If there is any future class D long term business (onshore risk), SRAPHK branch shall also establish a SRAP Class D Onshore RI Fund which shall be maintained as a separate account for any such future class D long term business (onshore risk).
- in respect of its long term business (offshore risk, i.e., risks in Taiwan and Macau), a SRAP Long Term Offshore RI Fund, with the following sub-accounts in accordance with the Guideline on Valuation and Capital Requirements issued by the HKIA:
  - SRAP Class A Offshore RI Fund which shall be maintained as a separate account for its class A long term business (offshore risk); and
  - SRAP Class I Offshore RI Fund which shall be maintained as a separate account for its class I long term business (offshore risk).

  If there is any future class D long term business (offshore risk), SRAPHK branch shall also establish a SRAP Class D Offshore RI Fund which shall be maintained as a separate account for any such future class D long term business (offshore risk)
- SRAP onshore general business fund.
- SRAP offshore general business fund.

3.2.7. As the SRAPHK branch is a branch of SRAP and does not have any share capital, a head office current account will be established. For the avoidance of doubt, and in accordance with GL36, all assets from the new SRAPHK branch should be physically segregated from the assets at the head office or other SRAP branches.

Key statistics

3.2.8. The SRAPHK branch is being specifically set up to underwrite the long term and general reinsurance business of SRC and it will hold no reinsurance business prior to the completion of the Scheme. Immediately after the Scheme is implemented, the SRAPHK branch is expected to have the same business portfolio as SRC, which is described in the previous paragraphs.

3.2.9. According to the business plan submitted to the HKIA as part of the application for authorization for SRAP to carry on reinsurance business through the SRAPHK branch, the projected gross written premium and reinsurance liabilities (inward business) of the SRAPHK branch in 2026-2028 are shown in Tables 3.5 to 3.7 below.

TABLE 3.5: PROJECTED TOTAL GROSS WRITTEN PREMIUM FOR LONG TERM BUSINESS OF THE SRAPHK BRANCH (HKD MILLION)

	2026	2027	2028
Gross reinsurance premium	830	910	1,002
Premium ceded to reinsurer	289	315	345
Net reinsurance premium	542	595	657

Figures may not be additive due to rounding.

TABLE 3.6: PROJECTED TOTAL GROSS WRITTEN PREMIUM FOR LONG TERM BUSINESS OF SRAPHK BRANCH SPLIT BY LINE OF BUSINESS (HKD MILLION)

Line of business	2026	2027	2028
Whole of Life	245	265	287
A&H (Critical Illness)	475	529	590
A&H (Accident & Disability)	0	0	0
A&H (Medical)	110	116	124
Total – Gross reinsurance premium	**830**	**910**	**1,002**

Figures may not be additive due to rounding.

TABLE 3.7: PROJECTED TOTAL GROSS WRITTEN PREMIUM FOR LONG TERM BUSINESS OF SRAPHK BRANCH SPLIT BY GEOGRAPHY (HKD MILLION)

Geography	2026	2027	2028
Hong Kong	565	631	709
Taiwan	263	275	290
Macau	**3**	**3**	**3**
Total – Gross reinsurance premium	**830**	**910**	**1,002**

Figures may not be additive due to rounding.

3.2.10. According to the business plan, the majority of the business will be A&H Critical Illness - representing more than 58% of total gross written premium in 2028 – followed by the Whole of Life and A&H Medical lines of business. The proportion of reinsurance business from Hong Kong is expected to grow to approximately 70% by 2028 while most of the remaining business will be from Taiwan.

Section 4 The Proposed Scheme of Transfer

4.1. PURPOSE

4.1.1. The proposed Scheme is described in the documents produced by the Parties as presented to the Hong Kong Court.

4.1.2. The Parties intend to transfer the entirety of SRC's long term business (pursuant to the Scheme) and general business (pursuant to the Section 25D Transfer and/or by way of novation) to the SRAPHK branch as part of SCOR Group's regional restructuring. The primary rationale for this restructuring is to streamline SCOR Group's operating model in Asia, thereby enhancing organisational agility, operational efficiency, and SCOR Group's capacity to deliver high-quality client support across the region. Complementing this objective, the transfer from a Hong Kong-incorporated entity to the Hong Kong branch of a Singapore-incorporated company is designed to capture the capital efficiencies inherent in a branch structure.

4.1.3. Effective from 1 January 2026, SCOR Group has consolidated all Singapore-booked business into SRAP through the transfer of the portfolio held by the SCOR SE Singapore branch to SRAP.

4.1.4. The proposed Scheme involves the transfer of long term business from SRC to the SRAPHK branch only. The transfer of general business is covered under the Section 25D Transfer and/or through the use of novation.

4.1.5. After the proposed Scheme becomes effective, SRC will cease writing long term reinsurance business and general reinsurance business. SRC will then apply to the HKIA for withdrawal of its authorization and will cease to be an authorized reinsurer in Hong Kong.

4.1.6. I have taken into account information provided to me by the Parties, as listed in Appendix B of this report, when considering the proposed Scheme.

4.2. EFFECTIVE DATE OF TRANSFER

4.2.1. Subject to the grant of the order of the Hong Kong Court for the transfer of long term business pursuant to Section 24 of the Insurance Ordinance, it is expected that the Scheme will take effect at 00:01 a.m. hours (Hong Kong time) on 1 January 2027 (the "Transfer Date" or the "Effective Date"), but it may be subject to change as mutually agreed between the Parties and such other date shall be within 90 days after the date on which the Hong Kong Order is granted sanctioning the Scheme.

4.2.2. On the Effective Date of the transfer, SRC will transfer all the Transferring Business, all its employees and all other business undertakings under the Scheme to SRAPHK branch.

4.2.3. On the Effective Date of transfer, SRAPHK branch shall:

- assume, perform and discharge the obligations and liabilities of SRC under the Transferring Contracts, and SRAPHK branch shall indemnify SRC accordingly; and
- become entitled to the rights, interests and benefits of SRC under the long term reinsurance policies.

4.2.4. On the same date, the SRAPHK branch will transfer the consideration to SRC via an inter-company balance, equivalent to the estimated net asset value of the Transferring Business as at the Transfer Date. Prior to the Transfer Date, SRC and SRAP shall agree on the estimated net asset value ("Closing Amount") of SRC and with any adjustments as may be agreed by SRC and SRAP. The Closing Amount shall be treated as an interest-free inter-company balance owing by SRAP to SRC. After successful completion of the transfer, as soon as reasonably practicable, SRC and SRAP shall agree on the net asset value based on the audited balance sheet of the Transferring Business as at the Transfer Date. The

amount of the inter-company balance will thereupon be repaid in full by intercompany settlement. More specifically:

- On the Transfer Date, the transfer of consideration from SRAPHK to SRC will only involve an inter-company balance owing by SRAP to SRC with the Closing Amount of the Transferring Business,
- After successful completion of the transfer, once the audited net asset value is agreed, the inter-company balance shall be adjusted to match the final such amount.
- Such inter-company balance will be transferred by SRC to SCOR SE as consideration of dividend repatriation. SCOR SE will then provide capital injection to SRAP by offsetting the inter-company balance with SRAP.

4.2.5. Overall, all assets and liabilities are transferred from SRC to SRAPHK at Transfer Date. The same value of assets and liabilities to be transferred from SRC will be used as the valuation of assets and liabilities recognised in SRAPHK. Any difference between audited and estimated net asset value will increase the amount of inter-company balance owing by SRAP to SRC. SRC will only be left with the inter-company receivable from SRAP after the business transfer, and it is expected such balance to be transferred to SCOR SE as dividend repatriation, such that SRC will have no assets, liabilities or equity after the repatriation. There will not be any other capital transfer from SRAPHK to SRAP's other branches or SRAP home office. The Parties have therefore confirmed that, following these actions, the SRAPHK branch will hold substantially the same level of eligible capital as SRC before the Scheme is implemented (See Table 6.3 for a detailed comparison of eligible capital pre- and post-Scheme).

4.2.6. It is intended that the general business of SRC will also be transferred to SRAPHK branch on the Transfer Date either by way of novation of the relevant reinsurance contracts with the consent of the relevant cedants or under the statutory mechanism in Section 25D of the Insurance Ordinance with the approval of the HKIA.

4.3. THE TRANSFERRING BUSINESS

Transferring Business

4.3.1. The Scheme defines the “Business” to be the long term business carried on in or from Hong Kong by SRC, consisting of Transferring Contracts, the Transferring Assets, Transferring Liabilities, Residual Assets and Residual Liabilities. In this report, to be more specific, the term “Transferring Business” has been used in the place of the Business.

Transferring Contracts

4.3.2. Transferring Contracts mean all reinsurance contracts underwritten by SRC (in which SRC is the reinsurer) under and in respect of its long term business carried on in or from Hong Kong for which any liability remains outstanding as at the Transfer Date, whether such reinsurance contracts have expired, lapsed, terminated or otherwise, including (i) all proposals or applications for reinsurance contracts, certificates, supplemental coverages, endorsements, riders and ancillary agreements in connection therewith; and (ii) all proposals or applications received by SRC but the processing of which has not been completed by SRC prior to the Transfer Date (which shall be processed by SRAPHK branch after the Transfer Date).

4.3.3. On and with effect from the Transfer Date:

- the SRAPHK branch shall become entitled to all of the rights, benefits, advantages and powers conferred on or vested in SRC under, or by virtue of, the Transferring Contracts;
- all rights, benefits, advantages and powers against SRC conferred on or vested in the Transferring Cedant or other third parties under or in relation to every Transferring

Contract shall cease and shall be substituted by the same rights, benefits, advantages and powers against the SRAPHK branch;

- in respect of the Transferring Contracts under which premiums continue to be payable, the Transferring Cedants shall account to SRAPHK branch for any further premiums as and when they become due. SRAPHK branch shall be entitled to any and all defences, claims, counterclaims and the right of set-off against or under the Transferring Contracts which would have been available to SRC prior to the Transfer Date;
- SRAPHK branch shall be bound by, observe and perform all terms, conditions and covenants of the Transferring Contracts, assume all liabilities and satisfy all claims and demands arising out of or in respect of the Transferring Contracts in every way as if SRAPHK branch and not SRC had signed the Transferring Contracts.

Transferring Assets

4.3.4. Transferring Assets means the property, assets or investments of SRC (including any right, discretion, authority, power or benefit of SRC under or by virtue of any Transferring Contracts) as is attributable to the Transferring Business, wherever situated; and the rights, benefits and powers of SRC under and by virtue of:

- the contracts between SRC and its insurance intermediaries in relation to the Transferring Business;
- any retrocessions;
- any lease, outsourcing agreements or arrangements, information technology and related contracts in respect of the Transferring Business;
- any other contracts, agreements, arrangements or undertakings in respect of or concerning the Transferring Business; and
- all tax assets attributable to SRC as at the Transfer Date.

but excluding any Residual Assets (as defined in paragraph 4.3.9 below).

4.3.5. On and with effect from the Transfer Date, the Transferring Assets shall, by virtue of the Hong Kong Order and without any further act or instrument and without investigation or requisition, be transferred by SRC to, and vested in, the SRAPHK branch, subject to any encumbrances in respect thereof.

Transferring Liabilities

4.3.6. Transferring Liabilities mean all liabilities of SRC as at the Transfer Date attributable to the Transferring Business including, without limitation, the liabilities and obligations (whether present, future or contingent) under or in relation to the Transferring Contracts and Transferring Business associated liabilities, as well as tax liabilities and tax obligations attributable to SRC, but excluding any Residual Liabilities (as defined in paragraph 4.3.11 below).

4.3.7. On and with effect from the Transfer Date, all Transferring Liabilities shall, by virtue of the Hong Kong Order and without any further act or instrument and without investigation or requisition, be transferred by SRC to, and become a liability of, the SRAPHK branch, with the effect that SRC shall be entirely released from and the SRAPHK branch shall assume any liability in respect of such Transferring Liabilities.

4.3.8. Table 3.1 shows the details of the Transferring Business of SRC branch as at 31 December 2025, which is the latest set of statutory submission data available when this report is written.

Residual Assets

4.3.9. "Residual Assets" refers to:

(i) (A) any property, assets, cash or investments (wherever situated) of SRC as are attributable to its Transferring Contracts and held in or allocated to SRC Long Term Funds, and all its right, discretion, authority, power or benefit under or by virtue of its Transferring Contracts; and (B) any rights, benefits and power of SRC under and by virtue of any contracts which are attributable to the Business, in respect of which, as at the Transfer Date, either:

(a) the consent of any person or persons (other than SRC, SRAPHK or the Hong Kong Court) is required but has not been obtained;

(b) the waiver by any person or persons of any right to acquire, or to be offered the right to, acquire or procure the acquisition of, all or any part of such property or asset is required but has not been obtained; or

(c) by reason of it being outside or not subject to the jurisdiction of the Hong Kong Court or otherwise, the Hong Kong Court has declined to order the transfer to SRAPHK under Sections 24 and 25(1) of the Insurance Ordinance (as applicable); or

(d) is not, or is not capable of being, transferred or vested in SRAPHK on the Transfer Date by the Hong Kong Order for any reason; or

(e) SRC and SRAPHK agree in writing that the transfer of such property or asset should be delayed or such property or asset should not be transferred; and

(ii) any proceeds of sale or income or other accrual or return whatsoever, whether or not in the form of cash, from time to time earned or received after the Transfer Date in respect of any property or asset (or any interest therein) referred to in subparagraph (i) of this paragraph.

4.3.10. Pending a Subsequent Transfer Date, for each Residual Asset of SRC, SRC shall, on and with effect from the Transfer Date, hold such Residual Asset, as trustee and on trust for SRAPHK branch absolutely and shall be subject to SRAPHK branch's directions (acting reasonably) in respect thereof until the relevant Residual Asset is transferred to or otherwise vested in SRAPHK branch or is disposed of (whereupon SRC shall account to SRAPHK branch for the proceeds of sale thereof), and SRAPHK branch shall have authority to act as the attorney of SRC in respect of such Residual Asset for all such purposes.

Residual Liabilities

4.3.11. "Residual Liabilities" means all of SRC's liabilities and obligations (whether present, future or contingent) whatsoever:

(i) which are attributable to or connected with a Residual Asset and arise at any time before the Subsequent Transfer Date applicable to such Residual Asset; or

(ii) the transfer of which to SRAPHK branch pursuant to the Scheme requires, as at the Transfer Date, the consent of any person or persons (other than SRC, SRAPHK branch or the Hong Kong Court) or waiver of any person or persons and which is attributable to its Transferring Contracts but has not been obtained.

4.4. TRANSFER OF STATUTORY RECORDS

4.4.1. The Statutory Records mean all books, files, documents, correspondence, papers and other records that are required, by the applicable legal or regulatory requirement or corporate governance requirement (whether or not having the force of law), to be kept by SRC and retained in its possession in respect of the Transferring Business.

4.4.2. On and with effect from the Transfer Date, the SRAPHK branch have the same rights, benefits, advantages and powers as those of SRC in holding and using (and transferring) all Statutory Records and other information relating to the Cedants, insureds, beneficiaries and assignees of, or any other persons relating to, the Transferring Contracts, including, without limitation, the personal data (as defined under Section 2 of the Personal Data (Privacy) Ordinance (Cap. 486)) of such Cedants, insureds, beneficiaries, assignees and other persons.

4.5. FUND STRUCTURE UNDER THE SCHEME

4.5.1. The fund structure of the SRAPHK branch is designed to incorporate the Transferring Business of SRC upon establishment under the proposed Scheme.

4.5.2. To incorporate the Transferring Business, the SRAPHK branch will establish a SRAP Long Term Onshore RI Fund and a SRAP Long Term Offshore RI Fund with the following four sub-accounts effective from the Transfer Date:

SRAP Long Term Onshore RI Fund (in respect of its long term business with onshore risk, i.e. risk in Hong Kong):

- SRAP Class A Onshore RI Fund which shall be maintained as a separate account for its class A long term business (onshore risk); and
- SRAP Class I Onshore RI Fund which shall be maintained as a separate account for its class I long term business (onshore risk).

SRAP Long Term Offshore RI Fund (in respect of its long term business with offshore risk, i.e., risks in Taiwan and Macau):

- SRAP Class A Offshore RI Fund which shall be maintained as a separate account for its class A long term business (offshore risk); and
- SRAP Class I Offshore RI Fund which shall be maintained as a separate account for its class I long term business (offshore risk).

If there is any future Class D long term business (onshore risk) or Class D long term business (offshore risk), SRAPHK shall also establish a SRAP Class D Onshore RI Fund or a SRAP Class D Offshore RI Fund (as the case may be) which shall be maintained as a separate account for any such future Class D long term business (onshore risk) or Class D long term business (offshore risk) (as the case may be).

4.5.3. On and with effect from the Transfer Date:

- all Transferring Contracts, Transferring Assets and Transferring Liabilities which belong to SRC Class A Fund in respect of the class A long term business (onshore risk) or the class A long term business (offshore risk) of SRC shall be allocated to and become part of the SRAP Class A Onshore RI Fund or the SRAP Class A Offshore RI Fund (as the case may be);
- all Transferring Contracts, Transferring Assets and Transferring Liabilities which belong to SRC Class D Fund in respect of the class D long term business (onshore risk) or the class D long term business (offshore risk) of SRC shall be allocated to and become part of the SRAP Class D Onshore RI Fund or the SRAP Class D Offshore RI Fund (as the case may be); and
- all Transferring Contracts, Transferring Assets and Transferring Liabilities which belong to SRC Class I Fund in respect of the class I long term business (onshore risk) or the class I long term business (offshore risk) of SRC shall be allocated to and become part of the SRAP Class I Onshore RI Fund or the SRAP Class D Offshore RI Fund (as the case may be).

4.5.4. Effective from the Transfer Date, the SRAPHK branch will establish a head office current account with SRAP, which is held under SRAP's shareholder fund.

4.5.5. I understand that two general business funds (one for onshore business and the other one for offshore business) will be established by the SRAPHK branch, and both the assets and liabilities which belong to the general business fund of SRC will be transferred to the general business fund under the SRAPHK branch as a part of the Section 25D Transfer and/or the novation of the general reinsurance contracts.

4.6. FUTURE OPERATION

4.6.1. The SRAPHK branch has undertaken to fulfil all of the treaty contract conditions should the business be transferred. This will include the responsibility for paying all benefits of claims, reinsurance commission and other amounts arising from the Transferring Business including the cost of administration.

4.6.2. As mentioned in paragraph 4.2.5, there will be no remaining liabilities within SRC after the Scheme and Section 25D Transfer and/or the novation of the general reinsurance contracts are completed and I have been informed that the SCOR Group subsequently plans to apply to the HKIA for withdrawal of SRC's authorization to carry on reinsurance business such that SRC will cease to be an authorized insurer in Hong Kong. Following the withdrawal of its authorization, SRC intends to apply for deregistration with the Companies Registry and will cease to exist as a company incorporated in Hong Kong.

4.7. COST AND EXPENSES RELATED TO THE SCHEME

4.7.1. SRAP shall, out of its own funds, pay in all costs in relation to the preparation of this Scheme and of its presentation to the Hong Kong Court for sanction and all other professional fees related thereto. None of such costs shall be borne by the funds maintained by SRC or SRAPHK branch pursuant to the Insurance Ordinance in respect of their respective long term business, general business or other reinsurance contracts of SRC or SRAPHK branch, or the cedants thereof. Further, such costs are not expected to have any materially adverse impact on the interests of the Transferring Cedants or the financial position of SRAPHK branch.

Section 5 Impact of the Proposed Transfer – Effect on the Benefit Expectations of Transferring Cedants

5.1. INTRODUCTION

5.1.1. In this section I consider the major issues relating to the benefit expectations of the Transferring Cedants. In forming my opinion on this aspect, I have considered the various matters addressed in the following paragraphs.

5.1.2. As SRC manages its Class A, Class D and Class I Transferring Cedants as a whole (there has not been any Class D business underwritten historically by SRC and no inforce Class I business was recorded as of end of 2025), my opinion is made without distinguishing which class of long term business these Transferring Cedants fall under.

5.2. CONSIDERATIONS AFFECTING BENEFIT EXPECTATIONS OF REINSURANCE CEDANTS

5.2.1. Since there are no discretionary benefits associated with the reinsurance arrangements, in this section I have mainly considered factors related to the fulfilment of contractual terms and provisions.

5.2.2. As the reinsurance arrangements provide contractual benefits for either guaranteed premiums or non-guaranteed premiums, guaranteed coverage period or non-guaranteed coverage period, as well as contractual profit commissions, I need to consider the likely effects of the Scheme on the financial security of these contractual benefits. This is covered in Section 6 of this report.

5.3. CONTRACTUAL BENEFITS PROVISIONS

5.3.1. According to the Scheme, on and with effect from the Transfer Date, the SRAPHK branch shall be bound by, observe and perform all terms, conditions and covenants of the Transferring Contracts, assume all liabilities and satisfy all claims and demands arising out of or in respect of the Transferring Contracts in every way as if the SRAPHK branch had signed the Transferring Contracts. Settlement of claims and profit commissions are part of these contractual terms and conditions. Therefore, the SRAPHK branch will continue paying the contractual benefits of the Transferring Cedants of SRC.

5.3.2. As a part of my review of the information provided by the Parties, I have looked at some major reinsurance treaties written by SRC, with a focus on understanding the contractual benefits of the Transferring Cedants. I am aware that the other contractual benefits, in addition to the normal claims and profit commission payments, embedded in form of treaty features in the Transferring Contracts include:

- automatic acceptance of reinsurance up to a certain limit; and
- guaranteed coverage until treaty maturity for some plans.

5.3.3. I have been informed that these guaranteed elements will not be altered after the Scheme is implemented. The rights of these Cedants, as defined under their existing reinsurance treaties, will be the same before and after the transfer.

5.3.4. SRC has also performed a high level review of other reinsurance treaties written by SRC that are not included in my detailed review and have confirmed that there are no unique treaty features where the rights and contractual benefits of the Transferring Cedants will be adversely impacted by the Scheme.

5.3.5. Overall, there will be no change to the contractual benefits provided under the treaties that form part of the Transferring Contracts. There are no expectations that there will be changes to how valid claims are assessed and paid after the Scheme is implemented. Equally, there

will be no changes to any other Terms and Conditions of Transferring Contracts. Specifically, guaranteed elements of the treaties will not be altered after the Scheme is enacted. Overall, the Transferring Cedants' rights will remain unchanged pre- and post-Scheme.

5.4. OTHER PROVISIONS SUBJECT TO COMPANY DISCRETION

5.4.1. Within the Scheme, several reinsurance arrangements include premium reviewability features. Premium reviewability feature allows SRC to adjust the premium rates given certain deviation in insurance experience. The specific mechanism which triggers premium reviews varies depending on treaties as agreed with the cedants, ranging from full reviewability to soft guarantee, and driven by loss ratios and/or claims level, and does not depend on any other factors. All premium revisions are subject to the existing contractual safeguards, including pre-agreed annual and lifetime caps, timing restrictions, notice requirements, and any other applicable treaty provisions, ensuring adjustments are applied in a controlled and predictable manner. The specific mechanism excludes considerations such as expense, tax, asset and liability management cost, capital cost. Following the transfer to SRAPHK branch, there will be no change to the methodology, inputs, or contractual constraints governing rate reviewability, and cedants will continue to be subject to the same framework and protections as prior to the transfer. Also there will be no change in scope of loss ratios and/or claims level for the purpose of determining the premium rate adjustment of the Transferring Cedants and the underwriting and claims risk management standard shall remain unchanged for the Transferring Cedants after the transfer, such that it is not expected to adversely impact the loss ratios and/or claims level, and thus discretionary features relative to the Transferring Cedants' reasonable expectations. No factors other than loss ratios and claims levels will be considered in future premium reviews for the Transferring Cedents. These mechanisms are meant to reasonably ensure the sustainability of the premium rates and will remain unchanged after the Scheme. I therefore consider there will be no material adverse impact on discretionary features relative to the Transferring Cedants' reasonable expectations.

5.4.2. According to the Scheme, in accepting the Transferring Business, the SRAPHK branch will retain the same rights with respect to these contracts. However, these rights exist whether or not the Scheme proceeds and I have no reason to believe the Scheme will lead to a materially adverse exercise of discretion in relation to the Transferring Cedants of SRC.

5.5. COSTS AND EXPENSES IN RELATION TO THE SCHEME

5.5.1. The total cost incurred from the transfer is estimated to be in the range of USD 2 million. The costs are planned to be covered by SRAP out of its own funds. None of such costs shall be borne by the funds maintained by SRC or SRAPHK branch pursuant to the Insurance Ordinance in respect of their respective long term business, general business or other reinsurance contracts of SRC or SRAPHK branch, or the cedants thereof. The Appointed Actuary of the SRAPHK branch has confirmed that the costs and expenses incurred in relation to the Scheme are not expected to lead to an increase in the reinsurance premiums charged to reinsurance cedants given (i) the level of expense is not meant to impact directly the level of premium; and (ii) there is a dedicated project budget to fund the Scheme. Therefore, I have no reason to believe there will be a materially adverse impact on the Transferring Cedants of the SRC in this regard.

5.6. TAX IMPLICATIONS

5.6.1. SRC has been calculating its tax liability based on its total assessable profits, at the concessionary tax rate for Hong Kong profit tax of 8.25%. Assessable profit is calculated based on its taxable income. Under the HKRBC balance sheet, SRC has a tax loss carried forward of approximately HKD 10 million as of 31 December 2025 that is expected to be

fully utilised by the end of 2026 since the deferred tax liabilities will become tax payable due to the Scheme of transfer.

5.6.2. The Parties have advised that all the tax balances of SRC will be settled by the SRAPHK branch after the transfer once SRC is closed. As of 31 December 2025, the tax liabilities (i.e. current tax payables in the 2025 year end HKRBC balance sheet, and deferred tax liabilities due to the one-off impact upon the first time adoption of HKRBC where the tax impact can be spread over 5 years) of SRC are HKD 83 million and the tax assets (i.e. current tax asset) of SRC are HKD 20 million. Given the net impact is relatively immaterial (less than 3% of total eligible capital), and given the tax balances would have ultimately to be settled by SRC should the transfer does not proceed, the settlement of the tax impact by the SRAPHK branch is not expected to have a materially adverse impact on the Transferring Cedants.

5.6.3. The tax regime of the Transferring Business from SRC to the SRAPHK branch will remain unchanged after the Scheme is implemented. Therefore, I have no reason to believe there will be a materially adverse impact on the Transferring Cedants of the SRAPHK branch in this regard.

5.7. CONTRACT TERMS AND CONDITIONS

5.7.1. I am informed that there will be no change to the contract terms and conditions of all reinsurance contracts as a result of the Scheme. I have no reason to believe there will be a materially adverse impact on the policy terms and conditions of Transferring Cedants due to the Scheme itself in this regard.

5.8. CONCLUSION

5.8.1. In summary of my assessments above, I consider that the Scheme will not have a materially adverse effect on the reasonable benefit expectations of the Transferring Cedants of SRC. In particular, all reinsurance contractual benefits will be fully assumed by the SRAPHK branch without any interruption in cover or alteration of contractual terms, and the mechanism for reviewing premium reviewability rates will be unchanged before and after the Scheme.

Section 6 Impact of The Proposed Transfer – Effect on the Financial Security of Transferring Cedants

6.1. INTRODUCTION

6.1.1. In this section I consider the main issues relating to the financial security of the Transferring Cedants. In arriving at my opinion, I have considered the issues covered in the paragraphs below.

6.2. CONSIDERATIONS AFFECTING FINANCIAL SECURITY OF CEDANTS

6.2.1. To protect the financial security of the Transferring Cedants, reinsurance companies typically maintain three asset layers: assets backing policy reserves, assets backing required capital and assets backing surplus.

- **Policy reserves**: These are assets supporting the policy liabilities, calculated according to the underlying contractual obligations using valuation standards prescribed by statutory rules.
- **Required capital**: As prescribed by the statutory regulation, it includes assets required to meet the minimum statutory solvency requirements and acts as a buffer against the risks associated with the liabilities underwritten by reinsurers.
- **Surplus**: These are total assets over and above total liabilities and required capital.

6.2.2. In addition to the three asset layers, reinsurance companies are required to annually examine the financial position of the overall business, on a forward-looking basis, under a number of adverse scenarios. In this section I have also examined the projected solvency positions of the Parties before and after the Scheme based on stress and scenario testing ("SST") results.

6.2.3. I have also considered the following factors which may have implications for the financial security of the Transferring Cedants

- Retrocessions; and
- Capitalisation policy.

6.2.4. In addition, I have analysed the following issues with respect to SRC and SRAP specifically:

- Risk policy and risk control framework;
- Liquidity risk management policy;
- Investment and Asset and Liability Management ("ALM") control framework;
- Credit rating;
- Governance / management arrangements; and
- Regulatory overlay.

6.2.5. I have compared the solvency of the Parties under the HKRBC basis. In general, having a higher solvency ratio and more capital in excess of required capital is beneficial to financial security, but it should be noted that the excess capital could potentially be removed in the future according to the capitalisation policy. In the case where the Transferring Contracts have moved to an entity with a lower solvency ratio but the ratio is still well above the target capital requirement, I would not necessarily consider this will bring materially adverse impact to the Transferring Cedants.

6.3. RESERVING PRACTICES

6.3.1. Reinsurers in Hong Kong are required to submit certain financial reports to the HKIA, with the auditors certifying that the financial statements have been prepared in accordance with the Insurance Ordinance and Appointed Actuary issuing Actuary's certificate as required by the Insurance Ordinance. With the HKRBC regime officially taking effect on 1 July 2024, SRC has set up reserves for its respective long term insurance businesses, including the Transferring Business, using methodologies and valuation bases that comply with the HKRBC regulatory requirements, in accordance with the Insurance (Valuation and Capital) Rules (Chapter 41R of the Laws of Hong Kong) ("Cap. 41R"), GL36 issued by the HKIA, as well as other relevant guidelines issued by the HKIA and the Actuarial Guidance Notes issued by the Actuarial Society of Hong Kong ("ASHK"). In particular, under the HKRBC regime, the long term insurance liabilities held by the Parties are determined as the sum of current estimate of liabilities (or inforce reserves), the MOCE and the outstanding claims, where:

- The current estimate of liabilities is calculated on an economic basis, reflecting the probability-weighted average of the present value of future cash flows required to settle the obligations underlying the liability.
- MOCE represents a margin of prudence, reflecting the uncertainty of liability cash flows arising from insurance risk.
- Best estimate assumptions are used in projecting future liability cash flows, in accordance with Cap. 41R, GL36, as well as Actuarial Guidance Note 9 ("AGN9") and Professional Standard 1 issued by the ASHK.
- Future liability cash flows are discounted using the HKIA-specified risk-free rate (no additional parallel adjustment applied to the HKIA-specified risk-free rate has been considered by SRC).
- Outstanding claims reflect the expected ultimate amount required to settle claims that have been incurred, including claims that have been reported but have yet to be settled and claims that have been incurred but have yet to be reported.

6.3.2. In addition to the above, a reserving policy has been established by the SCOR Group to manage the reserving risk, and it was developed in line with Solvency II requirements. In particular, this policy has set out clear accountability, ensures appropriate and proportionate validation of assumptions, model changes and resulting inforce reserves, and provides an additional layer of governance at the SCOR Group level.

6.3.3. I have not independently reviewed or re-performed the reserve calculations of the Parties. I explicitly rely on the Appointed Actuary and management of the Parties to ensure that the reserves are appropriate, comply with regulatory requirements and internal reserving policy, and are accurately presented. Nevertheless, I understand that the financial statements of the Parties, which include the policy reserve results, have been audited by Forvis Mazars CPA Limited and certified compliance with the relevant regulations. Furthermore, I have assessed the consistency, completeness, and accuracy of the data relevant to the reserve calculations through the checks described in paragraph 1.5.2 of this report. Therefore, I consider the data underlying the reserve calculations to be reasonable for the purposes of my assessment.

6.3.4. Prior to the implementation of the Scheme, the Appointed Actuary of SRC proposes the valuation methodology and assumptions for the Transferring Business in accordance with SCOR Group guidelines. Following the implementation of the Scheme, the Appointed Actuary of SRAPHK branch will assume responsibility for determining the valuation methodology and assumptions for the Transferring Business and will certify compliance with the regulatory requirements and SCOR Group policy. I have been informed by the proposed Appointed Actuary of the SRAPHK branch – who will be the same person as the Appointed Actuary of SRC before the transfer - that the valuation methodology and

assumptions applicable to the Transferring Business will remain materially similar before and after the implementation of the Scheme.

6.4. SOLVENCY POSITION

Methodology

6.4.1. Required capital is currently maintained by SRC, in addition to the policy reserves in respect of the in-force business.

6.4.2. Under Cap. 41R, reinsurers are required to ensure that their capital base, at all times, is not less than each of the following, or any such other amount determined by the HKIA by way of variation or relaxation pursuant to Section 10(3) or 130(1) of the Insurance Ordinance:

- The prescribed capital amount, determined in accordance with Cap. 41R;
- The minimum capital amount, defined as 50% of the prescribed capital amount; and
- HKD 20 million.

6.4.3. It should also be noted that SRC is required to maintain a solvency ratio under the HKRBC basis of not less than 100%.

6.4.4. On top of managing its solvency to ensure compliance with the regulatory requirements set out above, SRC also manages its solvency to ensure compliance with its internal target capital ratio, which is subject to periodic review and adjustments if necessary.

Historical HKRBC solvency position of SRC

6.4.5. The following paragraphs present the historical solvency positions of SRC, as well as the pro-forma solvency position following the implementation of the Scheme. The following components form the basis for determining the solvency positions under the HKRBC basis:

- **Net assets**: The excess of total assets over total liabilities.
- **Eligible capital**: For the purposes of meeting regulatory capital requirements, net assets may be subject to further adjustments. These adjusted net assets are referred to as “eligible capital”. Eligible capital may be less than or equal to net assets, depending on the quality of the underlying assets and their ability to absorb losses. For SRC, there is no further adjustment and eligible capital is equal to net assets.
- **Required capital**: The amount of eligible capital that an entity is required to maintain under the HKRBC basis (i.e., prescribed capital amount or “PCA”).
- **Solvency ratio**: The ratio of eligible capital to the required capital amount, which serves as an indicator of an entity’s solvency position.

6.4.6. Similar to the reserves, I have not independently reviewed or re-performed the solvency ratio calculations of the Parties. I explicitly rely on their Appointed Actuaries and management to ensure that the solvency ratio is appropriate, as discussed in SRC's actuary investigation reports submitted to HKIA. However, I have assessed the consistency, completeness, and accuracy of the data relevant to the solvency ratio calculations through the checks described in paragraph 1.5.2 of this report. Therefore, I consider the data underlying the solvency ratios calculations to be reasonable for the purposes of my assessment.

6.4.7. Table 6.1 summarises the HKRBC solvency ratios of SRC split by long term and general business as at 31 December 2024 and 31 December 2025, as provided by SRC. At the overall SRC level, the solvency ratio of SRC has reduced from 224% as at 31 December 2024 to 163% as at 31 December 2025, primarily due to the drop in solvency ratio for the long term business from 184% as at 31 December 2024 to 124% as at 31 December 2025. The significant reduction in SRC long term business solvency ratio is due to:

- decrease in eligible capital as a result of (i) HKRBC reserve strengthening due to model and assumption updates in 2025; (ii) increase in outstanding claim reserves for some mortality claims; and (iii) release of over-accrued retro claims reserve on High Net Worth ("HNW") business.
- increase in required capital due to business growth in both Hong Kong and Taiwan markets.

However, the solvency ratio of SRC as at 31 December 2025 is well above the minimum regulatory level at 100%, as well as the internal target capital level set at 130% for SRC at the total company level. SRC has not established separate internal target capital levels for the long term business fund and the general business fund.

TABLE 6.1: HISTORICAL SOLVENCY POSITION OF SRC BEFORE THE TRANSFER

HKD million	31 December 2024			31 December 2025		
	Long term business	General business	**Total**	Long term business	General business	**Total**
Eligible capital	1,646	871	2,517	1,385	780	2,165
Required capital	894	229	1,122	1,118	210	1,327
Solvency Ratio	**184%**	**381%**	**224%**	**124%**	**372%**	**163%**

HKRBC solvency position of SRAPHK branch post Transfer

6.4.8. SRAP has assessed the pro-forma solvency position of the long term business of the SRAPHK branch under the HKRBC basis assuming the Scheme has been implemented as at 31 December 2025. Results are presented in Table 6.2 below. Table 6.3 also show the solvency position at a total SRAPHK branch level.

6.4.9. Table 6.2 also consider the solvency position for two groups of cedants: (i) onshore business (Hong Kong), and (ii) offshore business (Taiwan and Macau).

- Prior to the implementation of the proposed Scheme, SRC is a composite reinsurer incorporated in Hong Kong under the rules of HKRBC and in scope of the HKIA's regulatory requirements. Following the implementation of the proposed Scheme, the SRAPHK branch, being a composite reinsurer incorporated outside of Hong Kong, will implement the HKRBC rules as prescribed for a composite non-Hong Kong reinsurer. In doing so, the SRAPHK branch intends to establish, for each class of long term business, long term offshore reinsurance funds to segregate the business with offshore risks in Taiwan and Macau from the business with onshore risks in Hong Kong. According to HKIA's GL36 and in compliance with rule 37(4) of the HKRBC Rules, a non-Hong Kong reinsurer with a segregated offshore reinsurance fund established may exclude from the calculation of its PCA the amount of PCA related to such offshore reinsurance business. The resulting impact will be a reduction in the total PCA for the Transferring Business.
- Total eligible capital is unchanged from the pre-Scheme position given all assets and liabilities are transferred, leading therefore to an increase in solvency ratio post transfer. Total eligible capital is split between onshore and offshore by splitting technical assets and liabilities according to the Insurance Ordinance Section 21B(11). In particular, adequate assets (i.e. investments and cash) are maintained under the Long Term Offshore RI fund to support the technical liabilities of the offshore business and all other assets and liabilities are maintained under the Long Term Onshore RI fund, where PCA is accounted for. Overall objective is therefore to ensure both onshore and offshore business maintain a healthy eligible capital position and SCOR will closely monitor the position in the future.
- Given the total PCA reduces and the total eligible capital is largely unchanged, the solvency ratio increases as a result of the transfer. In addition, given the total eligible

capital is largely unchanged for the Long Term Offshore RI fund, there is no material adverse impact to offshore Transferring Cedants.

TABLE 6.2: ESTIMATED SOLVENCY POSITION OF THE LONG TERM BUSINESS OF THE SRAPHK BRANCH AS AT 31 DECEMBER 2025(1)

HKD million	Pre-Scheme	Post-Scheme		
	Total	Total	Onshore business	Offshore business
Eligible capital	1,385	1,384	962	422
Required capital	1,118	793	793	-
Solvency Ratio	**124%**	**174%**		

(1) It is assumed, for the purposes of the above pre-Scheme and post-Scheme comparison, that the business transfer is completed as at 31 December 2025.

TABLE 6.3: ESTIMATED SOLVENCY POSITION OF THE SRAPHK BRANCH AS AT 31 DECEMBER 2025(1)

	Pre-Scheme			Post-Scheme		
HKD million	Long term business	General business	Total	Long term business	General business	Total
Eligible capital	1,384	780	2,165	1,384(2)(3)	780 (2)	2,164 (4)
Required capital	1,118	210	1,327	793	93	887
Solvency Ratio	**124%**	**371%**	**163%**	**174%**	**836%**	**244%**

(1) It is assumed, for the purposes of the above pre-Scheme and post-Scheme comparison, that the business transfer is completed as at 31 December 2025.

(2) the total eligible capital are split as follows: HKD 962 million for onshore business and HKD 422 million for offshore business.

(3) the total eligible capital are split as follows: HKD 414 million for onshore business and HKD 366 million for offshore business.

(4) The MOCE for the SRAPHK branch is calculated separately for its onshore and offshore RI funds, whereas SRC determines MOCE on an aggregated basis without splitting the funds. This methodological difference produces minor variations that, in turn, lead to a small discrepancy between pre-Scheme and post-Scheme eligible capital for both the life business and the company as a whole.

6.4.10. Table 6.4 shows the projection of the solvency position of the long term business of SRAPHK branch assuming the Scheme has been implemented as at 31 December 2025. The solvency ratios for the long term business of SRAPHK are expected to be in the range of 155% to 174% over the period 2025 – 2028.

TABLE 6.4: PROJECTED SOLVENCY POSITION OF THE LONG TERM BUSINESS OF SRAPHK BRANCH AFTER THE TRANSFER(1)

Total business, i.e. onshore plus offshore

HKD million	31 December 2025 Estimated	31 December 2026 Projected	31 December 2027 Projected	31 December 2028 Projected
Eligible capital	1,384	1,556	1,693	1,789
Required capital	793	915	1,033	1,156
Solvency Ratio	**174%**	**170%**	**164%**	**155%**

Split of eligible capital between onshore and offshore business

HKD million	31 December 2025 Estimated	31 December 2026 Projected	31 December 2027 Projected	31 December 2028 Projected
Onshore business	962	1,065	1,228	1,348
Offshore business	422	492	466	441
Total	**1,384**	**1,556**	**1,693**	**1,789**

(1) It is assumed that the business transfer is completed as at 31 December 2025,

6.4.11. Table 6.5 sets out the projection of the solvency position of SRAPHK branch assuming the Scheme has been implemented as at 31 December 2025.

TABLE 6.5: PROJECTED SOLVENCY POSITION OF SRAPHK BRANCH AFTER THE TRANSFER[1]

Total business, i.e. onshore plus offshore

HKD million	31 December 2025 Estimated	31 December 2026 Projected	31 December 2027 Projected	31 December 2028 Projected
Eligible capital	2,164	2,272	2,450	2,574
Required capital	887	1,003	1,129	1,249
Solvency Ratio	**244%**	**226%**	**217%**	**206%**

Split of eligible capital between onshore and offshore business

HKD million	31 December 2025 Estimated	31 December 2026 Projected	31 December 2027 Projected	31 December 2028 Projected
Onshore business	1,376	1,410	1,609	1,719
Offshore business	788	862	841	855
Total	**2,164**	**2,272**	**2,450**	**2,574**

(1) It is assumed, for the purposes of the above pre-Scheme and post-Scheme comparison, that the business transfer is completed as at 31 December 2025.

Solvency position of SRAP under the Singapore solvency basis

6.4.12. As a MAS regulated entity, SRAP is required to report and manage its business under the Singapore Risk Based Capital ("Singapore RBC") regime. SRAP has projected its solvency position under the Singapore RBC basis assuming the Scheme will be implemented as of 1 January 2026. The results are set out in Table 6.6. In the Supplementary Report, the projection shown in Table 6.6 will be replaced with the results produced in the 2026 ORSA.

Table 6.6: PROJECTED SOLVENCY POSITION OF THE SRAP

HKD million	31 December 2025 Projected	31 December 2026 Projected	31 December 2027 Projected	31 December 2028 Projected
Eligible capital	6,929	6,997	7,032	7,017
Required capital	1,224	1,193	1,158	1,127
Solvency Ratio	**566%**	**586%**	**607%**	**622%**

6.4.13. The solvency ratio is projected to grow from 566% as at 31 December 2025 to 622% as at 31 December 2028, which is well above (i) the Singapore minimum capital requirement; and (ii) SRAP internal target capital level. In addition, SRAP has performed 13 scenario and sensitivity tests covering plausible adverse market and insurance shocks. Under all these stressed scenarios, the projected solvency ratio does not fall below 400%, which suggests that the financial strength of SRAP is more than sufficient to comply with its internal capital requirement and withstand plausible adverse scenarios. Details of the scenario and sensitivity tests adopted by SRAP and the results can be found in Appendix E. Therefore, I have no reason to believe there will be a materially adverse impact to the financial security of the Transferring Cedents following the implementation of the Scheme.

6.4.14. Although the Singapore RBC 2 and HKRBC frameworks rely on their own technical specifications for valuing assets, liabilities and capital requirement, they are both based on an economic balance sheet and risk-based capital framework calibrated to a one-year 99.5 % value-at-risk standard. Consequently, solvency ratios of more than 500% in the base scenario and above 400% in the stressed scenario indicate a strong financial position.

6.5. RISK EXPOSURES

Overview

6.5.1. In accordance with the SCOR Group Risk Management Policy, as well as the HKIA's Guideline on Enterprise Risk Management ("GL21"), the Parties are required to perform an ORSA to assess the risk profiles, the adequacy of risk management, and the current and projected solvency and liquidity positions under both normal and stressed conditions. I have been provided with the ORSA Reports of the Parties, which were prepared as at 31 December 2025, to assess any potential changes in risk exposures to the Transferring Cedants as a result of the Scheme.

Risk exposure assessment – Long term business

6.5.2. Table 6.7 shows the breakdown of the undiversified HKRBC required capital of long term business written by SRC by risk as at 31 December 2025. Table 6.8 shows the breakdown of the undiversified HKRBC required capital of long term business written by SRAPHK branch by risk as at 31 December 2025.

TABLE 6.7: RISK EXPOSURE OF SRC BASED ON HKRBC BALANCE SHEET AS AT 31 DECEMBER 2025

	LONG TERM BUSINESS ONLY		TOTAL COMPANY	
	Required capital (HKD million)	% of total undiversified required capital	Required capital (HKD million)	% of total undiversified required capital
Market risk				
Interest rate risk	363	17%	411	16%
Credit spread risk	22	1%	78	3%
Currency risk	55	2%	109	4%
Life underwriting risk				
Mortality risk	140	6%	140	5%
Life catastrophe risk	182	8%	182	7%
Morbidity risk	745	34%	745	28%
Expense risk	303	14%	303	12%
Lapse risk	324	15%	324	12%

	LONG TERM BUSINESS ONLY		TOTAL COMPANY	
	Required capital (HKD million)	% of total undiversified required capital	Required capital (HKD million)	% of total undiversified required capital
Other risks				
General insurance risk	-	-	221	8%
Counterparty risk	27	1%	42	2%
Operational risk	31	1%	58	2%
Total - undiversified	**2,191**	**100%**	**2,614**	**100%**
Diversification	-962		-1,168	
Deferred tax impact	-111		-119	
Required capital	**1,118**		**1,327**	

Figures may not be additive due to rounding.

TABLE 6.8: RISK EXPOSURE OF SRAPHK BRANCH BASED ON PRO-FORMA HKRBC BALANCE SHEET AS AT 31 DECEMBER 2025

	LONG TERM BUSINESS ONLY		TOTAL COMPANY	
	Required capital (HKD million)	% of total undiversified required capital	Required capital (HKD million)	% of total undiversified required capital
Market risk				
Interest rate risk	258	17%	300	18%
Credit spread risk	18	1%	45	3%
Currency risk	11	1%	16	1%
Life underwriting risk				
Mortality risk	122	8%	122	7%
Life catastrophe risk	159	11%	159	9%
Morbidity risk	458	30%	458	27%
Expense risk	235	16%	235	14%
Lapse risk	211	14%	211	12%
Other risks				
Generali insurance risk	-	-	100	6%
Counterparty risk	20	1%	25	1%
Operational risk	19	1%	29	2%
Total - undiversified	**1,512**	**100%**	**1,700**	**100%**
Diversification	-643		-733	
Deferred tax impact	-76		-80	
Required capital	**793**		**887**	

Figures may not be additive due to rounding.

6.5.3. The risk exposure of SRC's long term business is dominated by life underwriting and market risks. In particular:

- **Life underwriting risk** is the main risk exposure for SRC's long term business, with the three main contributors to the overall required capital being of morbidity, lapse and expense risks (on an undiversified basis).

- **Market risk** is the second largest risk exposure for SRC's long term business. The key components are interest rate risk, currency risk and credit spread risk.

Following the implementation of the Scheme, the main drivers of risk of SRAPHK are expected to remain broadly consistent with those before the transfer. In particular, the asset allocation will be managed within the same constraints and guidelines, and will continue to be subject to the SCOR Group's investment guidelines. Overall, the market risk profile of the Transferring Business will not be materially impacted by the Scheme. **Other risk** such as operational and counterparty default risks are also not expected to be impacted by the Scheme. Both will continue to be managed in line with SCOR Group's existing risk management processes.

Scenario and stress testing – Long term business

6.5.4. The SST results are also incorporated within the ORSA report. The 2025 ORSA SST results examine the current and projected solvency positions of SRC prior to the proposed transfer over a one-year forecast period, under both the base scenario and a range of adverse scenarios (i.e. Regulatory Prescribed Scenarios and Own Scenario). The Appointed Actuary of SRAP has assessed the impact of the Scheme on the SST results of SRAPHK branch as part of the license application, assuming the Transferring Business is transferred to SRAPHK branch as at 1 January 2025.

6.5.5. I have been provided with the 2025 ORSA Report, which includes the SST results for SRC as standalone entities, as well as the SST results for SRAPHK branch and SRAP for the purpose of license application. A summary of these results, together with the key SST methodology, assumptions, and descriptions of the shocks applied in each scenario, is provided in Appendix E of this report. I have considered these results to assess whether the Scheme would result in any material adverse changes to the risk exposures associated with the Transferring Business, or lead to a deterioration in the financial security of the Transferring Cedants. The key highlights are as follows:

Before the transfer under SRC

6.5.6. The SST results show that the financial position of SRC's long term business remains satisfactory under all prescribed scenarios. In particular, SRC's solvency position remains above the regulatory requirement in each of these scenarios.

6.5.7. It is noted, however, that SRC is exposed to significant morbidity risk. Under its own stress scenario, which assumes a 30% increase in the Critical Illness loss ratio for YE2026 and a 29% increase from YE2027 onwards until the expiry of the underlying Critical Illness liabilities, based on the 1-in-200 year calibration of SCOR's internal model as at the 2025 financial year-end, the solvency ratio decreased from 124% to 67% in 2025, and from 124% to 69% in 2026.

6.5.8. A plausible management action available to SRC would be to increase premiums, subject to the relevant contractual terms of the treaties. This is expected to restore the solvency ratio to 81% and 83% in 2025 and 2026 respectively. Combining with the general business, the company level solvency will be above 100%.

6.5.9. At the total company level, SRC's solvency position remains above the regulatory requirement under each of the SST scenarios. Consistent with the observation for the long term business, SRC's overall business is most exposed to morbidity risk, with the morbidity deterioration scenario being the most adverse.

After the transfer under SRAPHK branch

6.5.10. Although SRAP had not performed any SST for its SRAPHK branch as at year-end 2025 to assess the impact on its solvency position, SRAP has prepared a four-year business plan commencing on 1 January 2025, together with the corresponding SST, as part of the authorization application for its new Hong Kong branch. The key assumptions applied in this solvency projection and SST are summarised in Appendix E.

6.5.11. Comparing to the SRC's SST result, the most adverse prescribed scenario for long term business remains the pandemic scenario. The SRAPHK branch results demonstrate that the projected solvency positions remain above the regulatory requirement and its internal target capital ratio of 150% under the base scenario and each of the stressed scenarios before any management actions. Overall, the solvency position of SRAPHK branch is relatively higher under the prescribed scenarios than the solvency position of SRC given assets backing the offshore liabilities are excluded from the PCA calculations.

6.5.12. The Parties have updated the projected solvency position of the long term business of SRAPHK Branch and the branch level solvency position assuming the Scheme has been implemented as at 31 December 2025 post the licence application. The revised projected solvency ratios range from 174% to 155% for the long term business and 244% to 206% at the branch level over the projection period of 2025 to 2028. These figures are lower than the base scenario projection of 224% to 222% and 292% to 254% at the long term business and branch levels respectively, as presented in the stress testing results in Tables E.3 and E.4. Notwithstanding this, I have been informed by the Parties that in the event the solvency ratio falls below the internal target capital ratio of 150%, management actions would be invoked to restore the branch level solvency position to above the target capital level. Such management actions may include, but are not limited to, capital injection, reinsurance arrangements or other appropriate measures as determined by management. Having considered the above, I am satisfied that the solvency position of SRAPHK Branch is expected to remain above the regulatory minimum requirement and the internal target capital ratio of 150% throughout the projection period, with management actions available as an additional safeguard if required.

6.5.13. At the total branch level, the solvency position of SRAPHK remains above the regulatory requirement and its internal target capital ratio under each of the SST scenarios. Consistent with the observation for the long term business, SRAPHK's overall business is most exposed to morbidity risk, with the pandemic scenario being the most adverse.

6.5.14. Referring to the SST results for SRAP under the Singapore solvency basis, the projected solvency ratio remains above 400% under all of the stress scenarios. Consistent with the SRAPHK branch, SRAP is most exposed to morbidity risk, with the most adverse scenario being the "adverse morbidity trend" scenario.

Overall comments

6.5.15. As at 31 December 2025, SRC reported a solvency ratio for its long term business of 124%. Following the transfer, SRAPHK branch solvency ratio of its long term business will increase to 174% as a result of the change in the PCA due to the fund segregation of the Taiwan and Macau reinsurance business. The main drivers of risk are expected to remain consistent between SRC and SRAPHK branch. Therefore, the Scheme is not expected to result in any material adverse impact on the financial security of the Transferring Cedents.

6.5.16. Based on the SSTs performed by the Parties, the projected solvency position of the SRAPHK branch remain above both the HKRBC regulatory minimum requirement and their respective internal target capital ratios under both the base scenario and the stress scenarios. I therefore do not consider there will be any material additional risk exposure for the Transferring Cedents or a material adverse impact on their financial security as a result of the Scheme. While the actual solvency ratios are likely to vary over time as actual operating experience reveals, in any event the Appointed Actuary of SRAPHK branch has the responsibility under prescribed regulations to ensure that the statutory minimum capital requirements are fulfilled. In particular, should SRAPHK branch's solvency ratio fall below minimum capital requirements, various management actions would be considered, consistent with those available in SRC, including repricing, suspension of shareholder dividends and capital injection.

6.5.17. Based on the above considerations, and subject to the continued effectiveness of risk management measures and internal controls, I have not identified any areas where

additional risk exposures resulting from the implementation of the Scheme are likely to prejudice the financial security of the Transferring Cedents. This, together with regular ORSA processes and the established robust risk and capital management framework, the Scheme is unlikely to expose the Transferring Cedents to new risks of significance.

6.6. RETROCESSIONS

6.6.1. The financial security of the Transferring Cedants is dependent on the risks retained by SRC's reinsurance business, as well as those retained by the parent company. The level of risks retained is reduced by retrocession arrangements put in place with other entities within SCOR Group or external retrocessions. My consideration here is to examine whether the protection provided by retrocessions at both local Hong Kong branch level and parent company level on the financial security of the Transferring Cedants is materially adversely affected after the Scheme is implemented:

6.6.2. SCOR Group transfers risks under retrocession agreements to other (external) reinsurers to reduce the Group's net liability on individual risks or specific deals. The Group centralises the purchase of retrocession agreements. SRC in turn internally retrocedes business to other entities in the Group and thus enables SRC to benefit from SCOR SE's financial strength and reputation.

6.6.3. For its long term business, as at 31 December 2025, a number of SRC reinsurance treaties have been retroceded internally within SCOR Group. A summary of the retrocession arrangements is provided in Table 6.9:

TABLE 6.9: RETROCESSION ARRANGEMENTS IN RESPECT OF LONG TERM BUSINESS WRITTEN BY SRC

Class of business	Type of treaty	Own retention	Treaty limit	Major reinsurers*
Class A	90% quota share (excluding one contract in Taiwan)	10%	Various	SCOR Global Reinsurance France SA
Class A	Surplus treaty (for HNW business only) – 1st layer	USD 1 million	USD 3.4 million	SCOR SE
	Surplus treaty (for HNW business only) – 2nd layer	USD 4.4 million	USD 24 million	SCOR SE – Germany branch
Class A	90% quota share	10%	Various	SCOR SE
Class A	90% quota share (2 treaties)	10%	Various	SCOR SE

* Major reinsurers are those who have 5% or more participation in any one treaty / layer.

6.6.4. In addition to the above, there is one external retrocession to Arrow Reinsurance Company, Limited ("Arrow Re") - a subsidiary of Goldman Sachs Group - for the financing aspect of a treaty with a life insurance company in Hong Kong. The retrocession is based on a 100% quota share with no retention for SRC for the financing aspect of the transaction. For the mortality part of that treaty, there is 90% quota share retrocession to SCOR SE as shown in Table 6.9 above.

6.6.5. Upon the transfer, all existing retrocession arrangements associated with SRC will be transferred to the SRAPHK branch. The level of risk management up to the extent provided

by the current retrocession arrangements will be maintained. Therefore, the Scheme should not have any material adverse impact on the existing retrocession arrangements.

6.7. CAPITALISATION POLICY

6.7.1. The financial security of the Transferring Cedants depends heavily on how the immediate parents are capitalised and to what extent capital could be transferred within the SCOR Group should any extreme adverse events happen that might jeopardise the financial position of any of its subsidiaries or branches. I have reviewed SCOR Group policy on capital management, which applies to SRC, SRAP and SRAPHK branch in relation to capital management.

6.7.2. SCOR Group policy on capital management sets out how SCOR Group and the various legal entities (including the branches of the legal entities) manage their capital to generate profit while meeting solvency requirements. The capitalisation policy is expected to remain unchanged post-Scheme.

6.7.3. From the Group perspective, the capital management is based on the Group's Internal Model in accordance with the Solvency II requirements to adequately reflect SCOR's risk profile. SCOR Group defines an optimal range of solvency ratios, avoiding under capitalisation or over capitalisation. This optimal range enables SCOR Group to optimise profitability while maintaining sufficient financial security to its cedants.

6.7.4. From a legal entity perspective, the most fundamental principle of capital management is to meet its respective regulatory capital requirements, which will ultimately enable the entity to conduct its business as planned. The Target Capital requirement for SRC is calibrated at a total company level using a 1-in-20 stress scenario covering insurance risks (i.e. mortality, morbidity, and general insurance risk) and market risks (i.e. interest rate movements), Before the implementation of the Scheme, the target capital requirement is set at 130% at a total company level for SRC, while no separate target capital requirement is set at for long term business fund or general business fund.

6.7.5. To ensure each legal entity meets its regulatory capital requirement, solvency monitoring is done on a quarterly basis (both actual and forecast) and is reported to the SCOR Group Treasury Committee. In addition, legal entities are subject to further policies designed to ensure transferability and/or fungibility of the capital, subject to strict governance.

6.7.6. Capital planning for the legal entities including SRC and their branches is integrated in the global operating plan and capital monitoring framework which relies on regular re-forecasting to capture variations in the underwriting pipeline during a given year. Material reinsurance deals that cannot be captured through this process require special approval from the Group Treasurer in addition to the acceptance of the underwriting committees of the business unit. Unexpected events impacting the capital position such as large losses should be notified to the Capital Management team and SCOR Group Treasurer so that appropriate management actions can be taken.

6.7.7. In terms of capital support from SCOR SE, the SCOR Group capitalisation policy outlines different actions that can be taken to deal with any shortfall or deviation from the capital planning, e.g. mitigation actions such as internal retrocession, collateral, portfolio transfer / contract novation, and capital injection if the above actions are not effective.

6.7.8. I also understand that SCOR SE unconditionally guarantees on behalf of and for the benefit of SRAP all of SRAP's payment obligations under all insurance and reinsurance contracts issued by SRAP. The terms of the parental guarantee are the same for both SRAP and SRC and the Transferring Cedants will continue being protected by the same level of parental guarantee before and after the transfer.

6.7.9. Overall, SCOR Group has a holistic capitalisation policy that applies at both Group and legal entity levels. The capitalisation policy is expected to apply equally to the SRAPHK branch post-Scheme in the same way as it currently applies to SRC before the implementation of

the Scheme. The Appointed Actuary of SRC has confirmed that the Scheme will not affect the existing SCOR Capital Management Policy and the SRAPHK branch will continue being subject to the same Capital Management Policy after the Scheme. Consequently,

- The SRAPHK branch will continue to maintain an internal target capital ratio sufficient to withstand adverse market conditions, consistent with its risk appetite and the SCOR Group Capital Management Policy.
- The internal target capital ratio will be calibrated using the same methodology (including a 1-in-20 stress level approach which is consistent with the level used before the Transfer) and will be subject to the same governance as what was used by SRC before the Scheme. Based on SCOR's assessment, the target solvency ratio of the SRAPHK branch is expected to increase from the current level of 130% before the transfer to 150% after the transfer, given the impact of the exemption of required capital for offshore business on the actual solvency position, and the level of capital required to apply an application for preferential treatment under the China C-ROSS capital regime, thereby ensuring a lower counterparty risk charge for SRAPHK Cedants.
- Furthermore, the solvency position will be subject to continuous and rigorous monitoring, and the SRAPHK branch will meet all necessary capital commitments to the HKIA.

6.7.10. Based on these considerations, I have no reason to believe the Scheme will have any material adverse impact on the financial security of the Transferring Cedants in this regard.

6.8. RISK POLICY AND RISK CONTROL FRAMEWORK

6.8.1. The financial security of the Transferring Cedants is also contingent on the risks faced by SRC and the SRAPHK branch, as well as the risks associated with their parent companies. The risk policies govern how risks are managed within the SCOR Group and the risk policies I have reviewed include:

The SCOR Group Risk Management Policy

6.8.2. The SCOR Group Risk Management Policy is the highest-ranking risk governance document within the SCOR Group setting out the four pillars of SCOR Group risk management framework, namely

- Risk strategy: Risk Appetite consisting of qualitative Risk Preferences and quantitative Risk Tolerances, the risk-adjusted steering framework and the top-level Risk Governance.
- Risk identification and measurement: Mechanisms in place to ensure that all risks are appropriately identified and measured on a comparable basis, to support targeted risk control and mitigation.
- Risk taking and mitigation activities: Mechanisms to carefully select and manage risks with thorough preventive controls and clear accountability.
- Risk assurance & reporting. Mechanisms that provide independent assurance that risks are managed effectively and the main risk reporting mechanisms

6.8.3. The Board approves the Risk Management Framework by approving this Policy and oversees its on-going effectiveness through the Board Risk Committee.

Related management standards

6.8.4. SRC, SRAP and the SRAPHK branch are all governed by the risk management standards and guidelines that implement SCOR Group Risk management policy. Key management standards and guidelines are listed in Table 6.10.

TABLE 6.10: SCOR MANAGEMENT STANDARDS

Name of management standard	Description	Relevant risk category from risk taxonomy
Underwriting risks management standard	Defines risk management mechanisms used to manage risks and role and responsibilities related to associated risks	P&C and L&H risk
Operational risks management standard		Operational risk
Market & Credit risks management standard		Market and credit risks
Funding & liquidity risk management standard		A subset of strategic risk
Reserving management standard		All risk categories as they pertain to reserves and the reserving process
Internal model management standard	Defines the internal model principles and roles and responsibilities	All risks in scope of the internal model
Risk management guideline	Provides more operational aspects on transversal and strategic mechanisms described in this policy (e.g. ORSA process).	All risk categories

6.8.5. In particular:

- The Underwriting Risk Management Standard outlines how SCOR systematically governs underwriting activities to keep risks within appetite and safeguard capital. It sets board-approved risk tolerances, delegated underwriting authorities, and exposure limits.
- The Operational Risk Management Standard sets out the framework by which SCOR identifies, assesses, mitigates, and monitors risks arising from people, processes, systems, and external events. It translates the board-approved risk appetite into measurable tolerances; assigns clear responsibilities across the three lines of defence; and mandates tools to measure and monitor the risks.
- The Market & Credit Risk Management Standard defines how SCOR governs, measures, and controls exposure to movements in financial assets and counterparty default. Based on the risk appetite, it also establishes quantitative limits on key market and credit risks.
- The Funding and Liquidity Risk Management Standard establishes the Company's liquidity-risk appetite by setting target liquid-asset levels for both normal and stressed conditions. It codifies requirements under applicable Hong Kong regulations, assigns clear responsibilities to all relevant functions, and prescribes the processes and controls necessary to keep liquidity-risk exposures within the tolerances defined in the Company's Risk Appetite Statement.

Impact of the Transfer

6.8.6. After the transfer, I have been informed that the SRAPHK branch will be subject to the same set of risk policies, standards and guideline as mentioned above. In particular the same risk metrics and risk limits currently applied to SRC before the transfer will apply to SRAPHK branch after the transfer. As a consequence, I believe that there will be no materially adverse impact on the Transferring Cedants from the risk management perspective post-Scheme.

6.9. LIQUIDITY RISK MANAGEMENT POLICY

6.9.1. SRC is also subject to a Liquidity Risk Management policy. Liquidity risk arises when the available liquidity is not sufficient to meet payment obligations as they fall due. SRC's Liquidity Risk Management policy aims to specify the rules in accordance with relevant regulations in Hong Kong, defines the roles of all parties in the policy, and defines the procedures to ensure liquidity risk exposures are within risk tolerances, as defined in SRC's Risk Appetite Statement.

6.9.2. SRC's Liquidity Risk Management policy is set to maintain adequate liquid assets levels under both stressed and normal environments, such that SRC maintains sufficient operational cash to for timely settlement of claims and other obligations. The adequacy of available liquidity against liquidity needs is reviewed regularly, at least quarterly, via cash flow forecast.

6.9.3. The liquidity risk management policy is expected to apply equally to the SRAPHK branch post-Scheme as it presently does to SRC pre-Scheme, and therefore the Scheme is not expected to have material adverse impact on the financial security of the Transferring Cedants in this regard.

6.10. INVESTMENT AND ALM CONTROL FRAMEWORK

6.10.1. Investment activities, which may have implications on the financial security of the Transferring Cedants, are governed by the Investment Guidelines approved by the Asia Pacific Investment Committee and the ALM Policy approved by the Board of Directors. The Parties have confirmed that there is no intention to make material changes to the existing guideline and policy relevant to the Transferring Cedants after the implementation of the Scheme.

6.10.2. Both internal and external investment managers are required to provide specified reports at least quarterly. These reports include, but are not limited to, investment strategy and portfolio positioning, aggregated portfolio review, performance review, risk review, including commonly used risk measures, compliance review including a description of all breaches with the SCOR Group Investment Guidelines. There is no plan to change both internal and external managers as a result of the transfer.

6.10.3. In view of the fact that SRC's Investment Guideline, ALM policy, investment strategy, and relevant limits applicable to the Transferring Contracts will remain consistent both before and after the implementation of the Scheme, and given the established processes for regular investment reporting, ongoing monitoring and evaluation of investment activities and investment manager performance to ensure continued compliance with investment objectives and mandates will also remain broadly unchanged, I do not believe the implementation of the Scheme will result in any material adverse impact on the financial security of the Transferring Cedants in this regard. However, the SRAPHK branch retains the right to review the relevant policies, guidelines, mandates, and investment strategy as part of normal business operations, regardless of whether the Scheme proceeds or not.

6.11. CREDIT RATING

6.11.1. SRC and SRAP have the same financial strength rating as the SCOR Group according to Fitch (A+), Standard & Poor (A+), and A.M. Best (A). The SRAPHK branch will use the credit rating of SRAP.

6.12. GOVERNANCE / MANAGEMENT ARRANGEMENTS

6.12.1. The governance of the SRAPHK branch is expected to be similar to the governance of SRC before the transfer. As per the regulatory requirements in Hong Kong, the SRAPHK branch has to appoint key persons in control functions including compliance, internal audit, financial control, risk management and actuarial functions. As confirmed by SRAP, all the current key persons of SRC are expected to continue their current role in the SRAPHK branch. In addition, SRAP is subject to regulations from the MAS with similar level of governance framework as the one prescribed by the HKIA, such as regular board meetings, minimum required levels of independent representation on the board, the establishment of a separate audit committee and the assumption of other required board functions, including oversight of the risk management oversight.

6.12.2. In the case where the Scheme is not sanctioned by the Hong Kong Court, the proposed transfer will not take place and the Transferring Business, including the Transferring Cedants, will remain with SRC which will continue to be responsible for the Transferring Business using the existing management and governance framework that is already in place.

6.13. REGULATORY OVERLAY

6.13.1. The financial security of the Transferring Cedants needs to be further considered from a legal and regulatory perspective, especially when the Scheme involves a transfer from a Hong Kong incorporated reinsurer to the Hong Kong branch of a Singapore incorporated reinsurer. Therefore, I have considered the regulatory overlay from three perspectives, including regulatory framework and solvency practice, as well as the protection of the cedants.

Regulatory framework

6.13.2. Following implementation of the Scheme, the Transferring Business will be carried on by the Hong Kong branch of a company incorporated in Singapore. In that arrangement:

- **Singapore**: SRAP is regulated by the MAS, its home supervisory authority, under the Insurance Act 1966 and the accompanying subsidiary legislation, regulations, notices, and guidelines issued by the MAS. The legislation sets out the Risk-Based Capital 2 (RBC 2) solvency framework, liquidity and asset-liability management requirements, statutory audit and reporting obligations, and comprehensive corporate-governance and risk-management standards for licensed insurers in Singapore. The Insurance Act 1966 also confers on MAS wide-ranging supervisory and enforcement powers, enabling the MAS to inspect, investigate, direct, and, where necessary, impose sanctions or other interventions on insurers and their officers to safeguard Cedant interests and uphold the soundness of Singapore's insurance sector. As SRAP is registered and licensed as a reinsurer in Singapore, the proposed transfer is also subject to the approval of the MAS. An application was made to the MAS on 8 November 2024 and approval of the MAS was obtained on 5 March 2025.
- **Hong Kong**: SRAPHK branch is the Hong Kong branch of SRAP but it is also an authorized insurer in Hong Kong and regulated by the HKIA. As an authorized insurer, SRAPHK branch is subject to the Insurance Ordinance including the requirements for maintenance of separate accounts and funds in respect of long term business and its subsidiary legislation as well as guidelines issued by the HKIA, which set out requirements for the licensing, ongoing compliance and reporting obligations of authorized insurers. Following implementation of the Scheme, the Transferring Business including, among other things, the Transferring Assets will be transferred from a Hong Kong incorporated company (i.e. SRC) to a Singapore-incorporated company (i.e. SRAP), albeit the transferee (SRAP) remains within the same SCOR group. Notwithstanding this, it is not expected that there will be any material change in the location of the relevant Transferring Assets after the Scheme

is implemented. The Insurance Ordinance grants the HKIA wide supervisory and enforcement powers, enabling it to conduct inspections and investigations, issue directions, impose conditions, require remedial actions or capital injections, and apply administrative, or criminal sanctions where necessary to safeguard Cedant interests and maintain the stability and integrity of Hong Kong's insurance sector.

6.13.3. In terms of day-to-day regulatory supervision, the HKIA continues to have regulatory and supervisory power for the Transferring Business both before the Scheme (i.e., when the Transferring Business is carried on by SRC) and after the Scheme (i.e., when the Transferring Business will be carried on by SRAPHK branch). Insofar as regulatory supervision is concerned, as SRAP is incorporated in Singapore and regulated by the MAS, after the Scheme, the Transferring Business is also subject to the supervision of the MAS in accordance with the Singapore regime.

Solvency practice

6.13.4. Following the implementation of the Scheme, the Transferring Business will be subject to the solvency and capital requirements in both Hong Kong and Singapore. I have considered the possible impacts on the financial security of the Transferring Cedants from the perspective of solvency practice in both jurisdictions and, for the reasons set out below, I do not believe the Scheme will result in any material adverse impact on the financial security of the Transferring Cedants in this regard:

- SRAPHK branch will continue to comply with the solvency and capital requirements in Hong Kong and Singapore, each of which operates a risk-based capital regime.
- If, at any time, SRAPHK branch fails to meet, or considers that it is likely to breach, the relevant capital requirement in Hong Kong or Singapore, it must immediately notify the respective local regulatory authority (i.e., the HKIA and the MAS) and submit a recovery plan detailing specific remedial actions to be taken and the timeframe within which it intends to rectify the deficiency. Equivalent obligations apply to SRC irrespective of the Scheme, except that it is not subject to MAS supervision.

Cedant protection

6.13.5. SRAPHK branch is the Hong Kong branch of a company incorporated in Singapore and regulated by the MAS. It is also an authorized insurer in Hong Kong and regulated by the HKIA. This dual regulatory oversight is unlikely to give rise to any materially adverse impact on risk from a cedant protection perspective because, in addition to the HKIA's regulatory oversight, cedants are afforded statutory protections under Hong Kong law, both in the ordinary course of business and in exceptional circumstances such as adverse market conditions and in the unlikely event of a winding up of SRAPHK branch:

- As a matter of Hong Kong law, pursuant to Section 21B of the Insurance Ordinance, an authorized insurer must, in respect of its long term business carried on in or from Hong Kong, maintain a separate account and a separate fund for each of its C business, class G business, class H business and specified business (i.e., all classes of long term business other than class C, class G and class H), and a separate account and a separate fund for its long term reinsurance business with offshore risk. In the ordinary course of business, as well as in exceptional circumstances where the SRAPHK branch experiences adverse market conditions, the insurance fund maintained for each of the above businesses must be separated from the funds maintained for all other businesses and can only be applied for the purpose of that business, except to the extent of any surplus in excess of the HKRBC requirements.
- Further, in the unlikely event of winding up, as a matter of Hong Kong law, Section 45 of the Insurance Ordinance provides a statutory framework for the ring-fencing of assets in the winding up of an authorized insurer in Hong Kong. It provides that, in any winding up of an authorized insurer in Hong Kong, the assets representing a

separate fund of the insurer are available only for meeting the liabilities attributable to the part of its business for which that separate fund is maintained, and the other assets of the authorized insurer are available only for meeting the liabilities attributable to its other business. Such restriction does not apply to any excess assets where the value of the assets representing a separate fund exceeds the amount of the liabilities attributable to the relevant part of the authorized insurer's business. Both SRC and SRAPHK branch are subject to these requirements. These requirements are intended to ensure that in the unlikely event of a winding up of an authorized insurer in Hong Kong, the assets attributable to each class of business are preserved and applied solely for the benefit of the cedants of that business only, thereby providing an additional layer of statutory protection to cedants in the unlikely event of a winding up of an authorized insurer.

- In the event of adverse market conditions, the HKIA may exercise its intervention powers under Part V of the Insurance Ordinance in respect of SRAP (to the same extent as for SRC) to control risk exposure (e.g. restricting the transfer of assets outside Hong Kong pursuant to Section 35(1) of the Insurance Ordinance), to restore its financial position (e.g. requiring the submission and implementation of a restoration plan or short-term financial scheme), and to ring-fence, or even take direct control of its assets (e.g. by requiring a statutory deposit under Sections 35(1) and 35A, or by appointing a manager to take control of the assets in Hong Kong under Section 35(2) of the Insurance Ordinance).
- SRAPHK branch's supervision is reinforced by cross-border alignment. It is subject to robust regulatory oversight by the HKIA and the MAS. In this regard, the HKIA and the MAS are both signatories to the IAIS Multilateral Memorandum of Understanding on Cooperation and Information Exchange, and are therefore committed to provide mutual assistance to each other (as fellow insurance supervisors) to facilitate coordinated measures and actions for cedant protection and to address any (albeit remote) insolvency risks.

6.14. CONCLUSION

6.14.1. Based on the actual and projected financial solvency of the Scheme, the risk management, and other policies commented on, I consider the Transferring Cedants are unlikely to be exposed to new risks, and there will be no materially adverse impact of the Transferring Cedants' financial security after the Scheme.

6.14.2. Based on the analysis set out in the previous paragraphs, I recognise that the Transferring Cedants will continue to be protected by the financial strength of SRAP after the Scheme is implemented through support from the capitalisation policy. I consider this to be an important factor in maintaining the financial security of the Transferring Cedants post-Scheme. This view is also supported by the fact that SRAP will have exactly the same credit rating than SRC, based on three main global rating agencies.

6.14.3. The Transferring Cedants will also continue to be protected by the financial strength of SCOR SE and the capitalisation policy and protection under potential adverse environments in the future, including the parental guarantee from SCOR SE to SRAP, and therefore the SRAPHK branch will have the same guarantee that exists for SRC before the transfer.

6.14.4. In view of my assessment above, I believe the Scheme is unlikely to expose the Transferring Cedants to new risks of significance. I conclude there will be no materially adverse impact on the Transferring Cedants' financial security after the Scheme.

Section 7 Other Considerations for Transferring Cedants

7.1. INTRODUCTION

7.1.1. In this section, I have considered other operational areas that may impact the Transferring Cedants if the Scheme proceeds.

7.2. GROUP STRUCTURE

7.2.1. As the transfer occurs as part of the regional restructuring of SCOR Group and its subsidiaries, the structure of SCOR SE will change after transfer.

7.2.2. As a result of the restructuring, the SRAPHK branch will take over all the long term businesses and general businesses carried on by SRC. However, The transfer does not change the ultimate parent of SRAP. Therefore, all Group policies will continue to apply, and there are no expected adverse movement from a Group structure point of view that could affect the Transferring Cedants.

7.3. CEDANT SERVICES

7.3.1. The main Cedant services provided by SRC to the Transferring Cedants include underwriting and ongoing administration of reinsurance contracts, receipt of premiums, adjudication and payment of claims. These services are either provided by SRC's own staff or outsourced. The current SRC employees and any outsourcing agreements in place will also be transferred to and assumed by the SRAPHK branch via direct re-engagement through SRAP on terms no less favourable than existing employment contracts or outsourcing agreements (as the case maybe) with SRC. The existing physical presence in Hong Kong (i.e. the registered office of SRC which is also the principal place of business in Hong Kong of SRAP) will continue as a service centre and will remain the same location where cedants can contact for claims and servicing needs. In addition, the SRAPHK branch will continue to adhere to the SCOR SE's relevant guidelines. Therefore, I do not expect to see any materially adverse impact on the service provided as well as the service standards after the Scheme is implemented.

7.4. OPERATIONAL CHANGES

7.4.1. I have been informed that the SRAPHK branch will remain and continue to operate in the same office as SRC and will continue to utilise the existing SCOR Group information technology infrastructure, applications and services as it is currently with SRC. As such, I do not expect there to be any materially adverse impact on the operational aspects of the Transferring Business.

7.4.2. The Parties have informed me that the SRAPHK branch will continue to follow the current Business Continuity Management Plan – a key component of SCOR SE's Enterprise Risk Management framework for the management of Operational Risk for all entities - as set up for SRC. The finance team, which will be inherited from SRC, will continue to be responsible for production of local statutory reports in compliance with the accounting requirements and valuation regulations under the Insurance Ordinance. Other internal functions including information technology and internal audit will also be operated in the same manner as in SRC. I, therefore, do not expect to see any materially adverse impact on business continuity and meeting regulatory requirements in financial reporting.

7.4.3. Under the Scheme, current SRC employees and any outsourcing agreements in place will also be transferred to and assumed by the SRAPHK branch via direct re-engagement through SRAP. Therefore, the operations of SRAPHK branch are expected to remain largely the same as those of SRC.

7.5. UNSETTLED CLAIMS

7.5.1. All claims made and unsettled before the Transfer Date shall be transferred to the SRAPHK branch on and with effect from the Effective Date as part of the Transferring Liabilities. Existing contract terms and conditions will continue to govern the assessment of the claim and the SRAPHK branch will take over the processing of the claims from SRC and be responsible for any subsequent payment to reinsurance cedants. Overall, I do not expect this will have any materially adverse impact on the Transferring Cedants as a result of the Scheme.

7.6. CONTINUITY OF LEGAL PROCEEDINGS

7.6.1. On and with effect from the Transfer Date, by virtue of the Hong Kong Order, any judicial, quasi-judicial, disciplinary, administrative, arbitration or legal proceedings, claims or complaints (whether current, pending, threatened or in contemplation) by or against SRC in relation to the Transferring Contracts, Transferring Assets and Transferring Liabilities shall be continued by or against the SRAPHK branch, in substitution for SRC and the SRAPHK branch shall be entitled to the same defences, claims, counterclaims and rights of set-off as SRC in respect thereof. I am satisfied that, in itself, this will not have a materially adverse impact on the Transferring Cedants as a result of the Scheme.

7.7. PREMIUMS, MANDATES AND OTHER INSTRUCTIONS

7.7.1. The SRAPHK branch shall be irrevocably authorized to endorse for payment any cheques, drafts, orders, postal orders or other instruments payable to, or to the order of, SRC and received by the SRAPHK branch in respect of premiums paid or loan repayments (if any) under the Transferring Contracts on or after the Transfer Date. The SRAPHK branch shall be entitled to any and all defences, claims, counterclaims and the right of set-off against or under the Transferring Contracts which would have been available to SRC prior to the transfer.

7.7.2. The SRAPHK branch shall have the sole responsibility for billing and collecting premiums and paying all applicable taxes in respect of premiums received under the Transferring Contracts on or after the Transfer Date.

7.7.3. Any mandate, autopay authority, standing order or other instruction in force on the Transfer Date and providing for the payment by a bank or other intermediary of premiums payable to SRC in respect of any of the Transferring Contracts shall, from and after the Transfer Date, take effect as if the same had been provided for and authorized in favour of the SRAPHK branch.

7.8. VARIATIONS TO THE SCHEME

7.8.1. Subject to paragraph 7.8.3, SRC and SRAP may apply to the Hong Kong Court for consent to modify, vary or amend the terms of the Scheme, subject to any conditions which the HKIA or the Hong Kong Court may impose.

7.8.2. Subject to paragraph 7.8.3, the terms of the Scheme shall be modified, varied or amended in accordance with such consent or conditions as may be given by the Hong Kong Court under paragraph 7.8.1,.

7.8.3. The consent of the Hong Kong Court shall not be required in relation to:

- modification(s), variation(s) or amendment(s) to correct manifest error(s) of the Scheme; or
- when the modification(s), variation(s) or amendment(s) is/are reasonably considered by SRC and SRAP to be necessary to ensure that the provisions of the Scheme

operate in the intended manner where there is a change in the relevant laws or regulations;

provided that the HKIA has been notified of the same and has indicated that it does not object thereto.

7.9. CONCLUSION

7.9.1. I consider the above various operational areas, including the levels of service provided, will not have a material adverse impact on the Transferring Cedants and should provide sufficient safeguards in the Scheme to ensure that the Scheme operates as presented.

7.9.2. While I do not expect my conclusions to change, I will prepare a Supplementary Report to the Hong Kong Court prior to the final hearing to update the findings and draw any significant developments or changes that may affect Cedants to the attention of the Hong Kong Court. I would expect the Supplementary Report to include consideration of the following, if relevant:

- updated commentary on the solvency position of SRC based on the results as at 30 June 2026;
- Cedant responses regarding the Scheme; and
- any other material developments that have occurred since the date of this report.

Section 8 Impact of the Proposed Transfer on the existing SRAP Cedants

8.1. INTRODUCTION

8.1.1. While I have considered the effects of the Scheme on the Transferring Cedants extensively in this report given they are under the jurisdiction of the Hong Kong Court, I also consider the effects of the Scheme on the Existing SRAP Cedants to ensure the Scheme does not bring materially adverse impact to Cedants of both Parties.

8.1.2. When forming my opinion in this section, I have relied upon the professional opinion of the relevant professionals of SRAP.

8.2. BENEFIT EXPECTATIONS

8.2.1. Same as the comment I have made previously, when considering the effects of the Scheme on the benefit expectations of the Existing SRAP Cedants, I have mainly considered factors related to the fulfilment of contractual terms and provisions.

Contractual benefit provisions

8.2.2. When forming my opinion on contractual benefits provision, I have not attempted to look at the contractual benefits provided by SRAP. However, I have been informed by SRAP that there will be no change to the contractual benefits provided to the Existing SRAP Cedants following the implementation of the Scheme, and that valid claims will continue to be paid when due in the same manner as before the Scheme.

Other policies subject to company discretion

8.2.3. For some of the reinsurance arrangements, SRAP has broad rights to adjust reinsurance premium rates either at each renewal date, or after the period where reinsurance premium rates are guaranteed, similar to the features found in the reinsurance treaties of SRC. I understand that the decision to revise future reinsurance premium rates depend also largely on the same framework as mentioned under Section 5.

8.2.4. Given the costs and expenses in relation to the Scheme are covered by a dedicated project fund, this is not expected to have a material adverse impact on the expense level of SRAP and its branches.

8.2.5. As the legal jurisdictions, as well as the regulatory requirements, of SRAP and its branches will not change because of the Scheme, therefore the Scheme is expected to have little impact on the technical cash flows from the reinsurance treaties.

8.2.6. Therefore, in conclusion, apart from the fact that these rights exist whether or not the Scheme proceeds and I have no reason to believe the Scheme will lead to a materially adverse exercise of discretion in relation to the Existing Cedants of the SRAP.

Contract terms and conditions

8.2.7. The relevant professionals of SRAP have confirmed that there will be no change to the contract terms and conditions of the Existing SRAP Policies as a result of the Scheme.

8.3. FINANCIAL SECURITY

8.3.1. My assessment of the effect of the Scheme on the financial security of the Existing SRAP Cedants includes a number of considerations:

- Materiality of the Transferring Business;
- Capitalisation policies;
- Other group wide policies on risk and reserving;
- Reinsurance portfolio risk profile and solvency position;
- Retrocession and intra-group retrocession;
- Governance / management arrangements; and
- Regulatory environment.

Materiality of the Transferring Business

8.3.2. When considering the relative size of the Transferring Business relative to the overall size of SRAP, I understand that the Transferring Business is less than 15% of the size of SRAP if I compare their assets extracted from their IFRS 17 financial statements. Considering that the life business of the SCOR SE Singapore branch has been transferred to SRAP with effective from 1 January 2026**,** this percentage is likely to be lower as at the Effective Date assuming the normal course of business during 2027. In addition, as shown in Table 6.6, the solvency ratio of SRAP is estimated to remain above 500% as at 31 December 2025, assuming the transfer takes place at the end of 2025. This indicates that the Transferring Business is not expected to adversely impact the financial security of SRAP.

Capitalisation policies

8.3.3. SRAP maintains a strong solvency ratio relative to MAS requirements and is subject to the SCOR Group policy on capital management (described under Section 6.7) which aims to maintain a healthy solvency ratio. According to the same policy, in the event when this ratio falls below the target capital range then there would be management actions to improve the situation but under most circumstances SCOR SE will provide additional capital to SRAP.

Other group wide policies including risk and reserving

8.3.4. Following the implementation of the Scheme, all of the group wide policies should remain unchanged. Risk policies, risk control frameworks and reserving policies are the ones that I consider to be more relevant to the financial security of the Existing SRAP Cedants.

8.3.5. With the risk policies and risk control frameworks expected to be maintained in the same way, the Scheme is expected to have no materially adverse impact on how risks are managed within SRAP.

Reinsurance portfolio risk profile and solvency position

8.3.6. After the implementation on the Scheme, SRAP as a whole will have a change in risk profile in light of these additional reinsurance portfolios. My consideration here is whether or not these reinsurance business will lead to a change in risk profile that will materially adversely impact the Existing SRAP Cedants.

8.3.7. The reinsurance risk profiles of the Transferring Business in conjunction with the Scheme have been described under Section 6, and the key risks under the Transferring Business have been outlined under Section 6.5 as identified through the SST exercise performed by the SRAPHK branch. Overall, I have not identified any areas where additional long term risk exposure resulting from these reinsurance business are likely to have a materially adverse effect on the financial security of the Existing SRAP Cedants.

Retrocession and intra-group retrocession

8.3.8. To supplement my conclusion from the previous paragraph, I have also considered the risks retained by SRAP. Some of the reinsurance business related to the Existing SRAP Cedants are covered by retrocession arrangements which would reduce the level of risk retained by SRAP and these arrangements exist no matter if the Scheme is implemented or not. Therefore I think there is unlikely to be any materially adverse impact to the Existing SRAP Cedants following the Scheme.

Governance / management arrangements

8.3.9. The governance of SRAP and its branches is not expected to be affected by the Scheme because the structure, staff management, as well as the internal guidelines maintained by SRAP around corporate governance are also expected to be independent of the Scheme. Also, the management committee charters are already there whether or not the Scheme proceeds and I have no reason to believe these, together with the philosophy of governance, will be materially different following the implementation of the Scheme.

Regulatory environment

8.3.10. Given the applicable regulatory requirements in different legal jurisdictions will continue to apply after the implementation of the Scheme as SRAP and its branches continue to operate in their current jurisdictions, there will be no impact from the Scheme on the regulatory framework, solvency practice, corporate governance and Cedant protection rules that apply to SRAP and its branches.

8.4. OTHER CONSIDERATIONS

Group structure

8.4.1. Given the ultimate parent of SRAP remains the same after the implementation of the Scheme and all the group policies will continue to apply, I do not expect there to be any materially adverse impact to the Existing SRAP Cedants as a result of the change in group structure.

Cedant services and operational structure

8.4.2. The main Cedant services provided by SRAP and its branches include mainly underwriting and ongoing administration of reinsurance contracts, receipt of premiums, adjudication and payment of claims. The Scheme itself would not cause any changes to the personnel providing these services in the SRAP branches, in particular, all the current key persons of SRC are expected to continue their current role in the SRAPHK branch. Therefore, I do not expect the Scheme to have any materially adverse impact to the Cedant services provided to the Existing SRAP Cedants.

8.4.3. Following the argument in the previous paragraph, the Scheme is also not expected to have any materially adverse impact on the operational aspects, including the operational elements.

8.5. CONCLUSION

8.5.1. Taking account of the above considerations, I am satisfied that the Scheme will not have materially adverse impact on both the reasonable expectation with regards to benefits and levels of service, as well as the financial security of the Existing SRAP Cedants.

Section 9 Cedant Communications

9.1. INTRODUCTION

9.1.1. In this section I summarise the notifications that the Parties will send out to the Transferring Cedants and my view on whether these communications are appropriate in respect of the benefits to the Transferring Cedants. Compared to a portfolio transfer of an insurance company, the Transferring Cedants under the Scheme are direct insurers that reinsure their business to SRC.

9.2. IDENTIFYING AND TRACING CEDANTS

9.2.1. Having regard to the fact that the Transferring Cedants are financially sophisticated with an ongoing client relationship with the Parties, I do not expect there would be any Transferring Cedants who are uncontactable or would require significant and disproportionate effort to notify.

9.3. NOTIFICATIONS TO TRANSFERRING CEDANTS OF SRC

9.3.1. The Transferring Cedants of SRC will be receiving copies of a letter, enclosed with a set of Frequently Asked Questions and Schedules 1 and 2, which includes a question and answer pack, a summary of the Scheme, key assessment of the Independent Actuary, the Summary Report, and details of how to object to the Scheme and the final court hearing.

9.3.2. Notice of the Scheme will be published in local newspapers (namely South China Morning Post and the Hong Kong Economic Times) and the Gazette.

9.3.3. The Transferring Cedants of SRC will be able to review the electronic version of the information about the Scheme on SCOR's corporate website until the end of the final court hearing, including the letter mentioned in paragraph 9.3.1 above, a full version of this report, any Supplementary Report, copy of the petition (with copy of the full terms of the Scheme annexed thereto) and the order of the Hong Kong Court giving directions for the petition. Alternatively, the Transferring Cedants will be able to inspect copies of the above documents at the offices of SRC or the SRAPHK branch (same address) on or prior to the date of the final court hearing; request copies of the petition (with copy of the full terms of the Scheme annexed thereto) and a full version of this report by writing to the offices of SRC or the SRAPHK branch (same address) at any time before the sanctioning of the Scheme by the Hong Kong Court, or contact SRC or the SRAPHK branch with any enquiries about the Scheme.

9.3.4. Key documents will be available in English, except that the Statutory Notice will be available in both English and Chinese, as the Parties have applied for waivers from the Court in respect of translation of other documents into Chinese given that the Transferring Cedants are insurance companies (whether in or outside of Hong Kong) that are accustomed to conducting business in English language and all reinsurance contracts have been in the English language and none has been solely in a language other than English. SRC advised that all official written communications and correspondence between SRC and (1) the Transferring Cedants and (2) other relevant persons in connection with the Transferring Assets (e.g. employees, reinsurance intermediaries, retrocedants, and other service providers or goods suppliers) have, at all times, been conducted in English only.

9.3.5. The Transferring Cedants of SRC will be notified in writing after the Scheme has been sanctioned by the Hong Kong Court and has taken effect.

9.3.6. I am satisfied that the proposed approach to communicating with Transferring Cedants is reasonable. I have also reviewed the English version of the proposed communication documents and am satisfied that these documents should help explain the material effects of the transfer. I have relied on the Parties to ensure that the Chinese version of the

Statutory Notice is a faithful and accurate translation of the English version and accept no responsibility for any mistranslation.

9.4. NOTIFICATIONS TO NON-TRANSFERRING CEDANTS OF SRC

9.4.1. As there are no non-transferring reinsurance contracts under the Scheme, there is no concern over the notifications to non-transferring cedants of SRC.

9.5. NOTIFICATIONS TO EXISTING SRAP CEDANTS

9.5.1. I have been informed by the Parties that they have applied for a waiver in respect of the notifications to the Existing SRAP Cedants. I am satisfied that this is an appropriate approach as I agree with the reasons suggested by the Parties including the fact that there will not be any material adverse impact on the reasonable expectations (with regard to benefits and levels of service) and financial security of the Existing SRAP Cedants and the Existing SRAP Cedants are not being transferred and are not in Hong Kong so the issue of the notifications to them will likely create unnecessary confusion.

9.6. OBJECTIONS AND QUERIES

9.6.1. SRC's Transferring Cedants who feel they will be negatively affected by the Scheme may put their objections to the Court either in writing or by attending the hearing. In deciding whether to sanction the Scheme, the Court will consider these objections. I will also consider objections that have been made in writing sufficiently prior to the finalisation of documents for submission to the final court hearing in coming to my view on the appropriateness of the Scheme, and will report as appropriate in the Supplementary Report, if relevant.

Appendix A Terms of Reference

General requirements

A1. The Independent Actuary shall have a duty to act independently and this duty is paramount and overrides any obligation to the person from whom he has received instructions or by whom he is paid.

A2. Evidence presented to the Hong Kong Court should be, and should be seen to be, the independent product of the Independent Actuary uninfluenced by the exigencies of the instruction or court proceedings.

A3. The Independent Actuary should provide independent assistance to the Hong Kong Court where appropriate, by way of objective unbiased opinion in relation to matters within his expertise. He should never assume the role of an advocate.

A4. The Independent Actuary should not omit to consider material facts within his knowledge which could detract from his concluded opinion.

A5. The Independent Actuary should make it clear when a particular question or issue falls outside his expertise.

A6. If the Independent Actuary's opinion is not properly researched because he considers that insufficient data is available, then this must be stated with an indication that the opinion is no more than a provisional one.

A7. In a case where the Independent Actuary who has prepared a report could not assert that the report contained the truth, the whole truth and nothing but the truth without some qualification, that qualification should be stated in the report.

A8. If the Independent Actuary changes his view on a material matter having read another expert's report or for any other reason, such change of view should be communicated in writing (through legal representatives) without delay to the Company, and where appropriate to the Hong Kong Court.

A9. The Independent Actuary may communicate with the HKIA as he considers appropriate in connection with the services and the Scheme report provided in connection with the appointment as Independent Actuary.

Scope of the work of the Independent Actuary in relation to the Scheme

My report is to consider the terms of the Scheme generally and the effect which the Scheme will have on the reinsurance cedants of the Parties and, in particular, the Transferring Cedants.

In particular my report will consider the following specific matters:

- The impact of the Scheme on the financial security of the different groups and generations of reinsurance cedants of the Parties and, in particular, the Transferring Cedants involved in the Scheme;
- The impact of the Scheme on the benefit expectation of the different groups and generations of reinsurance cedants of the Parties and, in particular, the Transferring Cedants involved in the Scheme;
- A review of, and opinion on the fairness of, the operational continuity resulted by the change in operational plans following implementation of the Scheme, which will include types of new business to be written after the Scheme is implemented and its potential impact to the existing rights of the different groups and generations of reinsurance cedants of the Parties and, in particular, the Transferring Cedants involved in the Scheme, as well as the cost implications;
- A review of, and opinion on the fairness of, proposals to combine any funds to the extent that any such combinations are included in the Scheme (either as at the Effective Date or

subsequently), and consideration of any further covenants or undertakings that may be required to ensure that each category of reinsurance cedants is treated fairly;

- A review of, and opinion on the fairness of, any mechanisms to be implemented at the same time as the Scheme, but not included in the Scheme, to provide financial support to any of the funds involved in the Scheme;
- An assessment, and opinion on the fairness of, the potential change in capital position and review of the capital management policy to be adopted by the Parties and their respective Hong Kong branches following implementation of the Scheme to the various groups of reinsurance cedants of the Parties and, in particular, the Transferring Cedants involved in the Scheme;
- A review, and opinion on the fairness of, the current risk exposure and potential change in risk exposure to the various groups of reinsurance cedants of the Parties and, in particular, the Transferring Cedants involved in the Scheme. An assessment of any potential increase in concentration risks to the respective Hong Kong branches of the Parties after the Transfer;
- An assessment of the nature of business written by the Parties and their respective Hong Kong branches before the transfer. A review of the guarantees offered by the respective Hong Kong branches of the Parties, and assessment of whether the existing guarantees will be matched after the transfer. An opinion on the fairness based on the assessment and review to the reinsurance cedants of the Parties and, in particular, the Transferring Cedants involved in the Scheme;
- An assessment, and opinion on the fairness of, the potential change in the investment policies adopted by the respective Hong Kong branches of the Parties following implementation of the Scheme to the Transferring Cedants; and
- An assessment, and opinion on the fairness of, the differences in the regulatory overlay between Hong Kong and Singapore, e.g. how will the Scheme affect Cedant compensation schemes and priority on wind-up in case of financial instability following implementation of the Scheme to the Transferring Cedants.

My review and report will address generally the way in which the respective Hong Kong branches of the Parties have conducted their reinsurance business but taking into account the particular circumstances of each class of business to be transferred. It will deal inter alia with the following aspects:

- Memorandum, and the Articles of Association, at least insofar as these affect the rights, expectations and interests of the Transferring Cedants;
- The terms of the reinsurance arrangements issued by each of the respective Hong Kong branches of the Parties;
- The existing and proposed internal working arrangements relating to the financial management of the long term business fund, including the operational and administrative arrangements which will apply to the policies to be transferred under the terms of the Scheme; and
- The terms and conditions expected to be imposed by the Scheme to be presented to the Court, including the views expressed by the governing body or management of the Parties.

The above list is not intended to be exclusive to any other aspects which may be identified during the completion of the project and which are considered to be relevant.

I shall not be directly involved in the formulation of the proposed transfer although I should expect to give guidance during the evolution of the detailed proposals on those issues which concern me, or which I consider unsatisfactory.

I will not provide any advice with respect to the merits of the transfer.

Disclosure of prior Hong Kong assignments undertaken for the Parties and their related parties

The Hong Kong projects undertaken by Milliman Limited for the Parties and its related companies over the last 5 years are as follows:

- Independent review of Solvency II balance sheet.
- Merger and acquisition support
- Advisory support on specific matters in Taiwan.

Appendix B Key Sources of Data

Documents related to the Scheme

B1. The Scheme pursuant to Section 24 of the Insurance Ordinance for the transfer of the long term reinsurance business from SRC to the SRAPHK branch, as filed with the Hong Kong Court.

B2. Business Transfer Agreement entered into between SRC and SRAP in relation to the transfer of reinsurance business from SRC to the SRAPHK branch.

B3. The report on the proposed Scheme by the Appointed actuary of SRC.

B4. Proposed organisation structure of the reinsurance operations of the SCOR Group in Asia.

B5. Cedant communication pack issued by both the SRC and the SRAPHK branch to Transferring Cedants.

SRAP and Scor Group

B6. Article of association of SRAP.

B7. Certificate from the HKIA evidencing the classes of insurance business for which SRC is authorized to carry on in Hong Kong.

B8. Corporate structure before the transfer.

B9. Audited accounts and financial statements for the years ended 2024 and 2025.

B10. Actuarial valuation and ORSA reports of SRAP for the years ended 2024, 2025.

B11. HKRBC regulatory annual returns for the years ended 31 December 2024 and 2025.

B12. Key treaty statistics.

B13. Treaty specifications for major treaties.

B14. Summary of internal retrocessions and internal retrocession guidelines.

B15. Investment guideline.

B16. Scor Group risk management policy.

B17. Scor Group capital management policy.

B18. Scor SE parental guarantee agreement.

The SRAPHK branch and SRAP

B19. Application document to the HKIA for the authorization for SRAP to carry out reinsurance business through the SRAPHK branch, including four-year financial projections under base case and stress scenarios.

B20. Fund structure of SRAPHK branch after the transfer.

B21. Audited accounts and financial statements for the years ended 2024 and 2025.

B22. Solvency position of SRAP.

Others

B23. Other information and clarifications obtained through various emails and communications during the period of our assignment.

Appendix C Prudential Regulation Authority Handbook Section 2.27 to 2.40

C.1 INTRODUCTION

C.1.1. In this appendix I set out the guidance in PRA's Handbook Section 2 (The Prudential Regulation Authority's approach to insurance business transfers) on the form of a report on an insurance business prepared by an independent expert.

C.2 SCHEME REPORT

Section 2.27

C.2.1. Under Section 109 of FSMA, a Scheme report must accompany an application to the court to approve an insurance business transfer scheme. This report must be made in a form approved by the PRA (following consultation with the FCA). The PRA would generally expect a Scheme report to contain at least the information specified in 2.30 below before giving its approval.

Section 2.28

C.2.2. When the PRA has approved the form of a Scheme report, the Scheme promoter may expect to receive written confirmation to that effect.

Section 2.29

C.2.3. There may be matters relating to the Scheme or the parties to the transfer that the regulators wish to draw to the attention of the independent expert. The regulators may also wish the report to address particular issues. The independent expert would therefore be expected to contact the regulators at an early stage to establish whether there are such matters or issues. The independent expert should form his own opinion on such issues, which may differ from the opinion of the regulators.

Section 2.30

C.2.4. The Scheme report should comply with the applicable rules on expert evidence and contain the following information:

- who appointed the independent expert and who is bearing the costs of that appointment;
- confirmation that the independent expert has been approved or nominated by the PRA;
- a statement of the independent expert's professional qualifications and (where appropriate) descriptions of the experience that makes them appropriate for the role;
- whether the independent expert, or his employer, has, or has had, direct or indirect interest in any of the parties which might be thought to influence his independence, and details of any such interest;
- the scope of the report;
- the purpose of the Scheme;
- a summary of the terms of the Scheme in so far as they are relevant to the report;
- what documents, reports and other material information the independent expert has considered in preparing the report and whether any information that they requested has not been provided;

- the extent to which the independent expert has relied on:
  - information provided by others; and
  - the judgment of others;
- the people on whom the independent expert has relied and why, in his opinion, such reliance is reasonable;
- their opinion of the likely effects of the Scheme on Cedants (this term is defined to include persons with certain rights and contingent rights under the policies), distinguishing between:
  - Transferring Cedants;
  - Cedants of the transferor whose contracts will not be transferred; and
  - Cedants of the transferee;
- their opinion on the likely effects of the Scheme on any reinsurer of a transferor, any of whose contracts of reinsurance are to be transferred by the Scheme;
- what matters (if any) that the independent expert has not taken into account or evaluated in the report that might, in their opinion, be relevant to Cedants' consideration of the Scheme; and
- for each opinion that the independent expert expresses in the report, an outline of their reasons.

Section 2.31

C.2.5. The purpose of the Scheme report is to inform the court and the independent expert, therefore, has a duty to the court. However reliance will also be placed on it by Cedants, reinsurers, and others affected by the scheme and by the regulators. The amount of detail that it is appropriate to include will depend on the complexity of the scheme, the materiality of the details themselves and the circumstances.

Section 2.32

C.2.6. The summary of the terms of the Scheme should include:

- a description of any reinsurance arrangements that it is proposed should pass to the transferee under the Scheme; and
- a description of any guarantees or additional reinsurance that will cover the transferred business or the business of the transferor that will not be transferred.

Section 2.33

C.2.7. The independent expert's opinion of the likely effects of the Scheme on Cedants should:

- include a comparison of the likely effects if it is or is not implemented;
- state whether they considered alternative arrangements and, if so, what;
- where different groups of Cedants are likely to be affected differently by the scheme, include comment on those differences they consider may be material to the Cedants; and
- include their views on:
  - the effect of the Scheme on the security of Cedants' contractual rights, including the likelihood and potential effects of the insolvency of the insurer;
  - the likely effects of the Scheme on matters such as investment management, new business strategy, administration, claims handling, expense levels and valuation bases in relation to how they may affect:

1. the security of Cedants' contractual rights;
2. levels of service provided to Cedants; or
3. for long term insurance business, the reasonable expectations of Cedants; and

- the cost and tax effects of the Scheme, in relation to how they may affect the security of Cedants' contractual rights, or for long term insurance business, their reasonable expectations.

Section 2.34

C.2.8. The independent expert is not expected to comment on the likely effects on new Cedants, that is, (those whose contracts are entered into after the effective date of the transfer).

Section 2.35

C.2.9. For any mutual company involved in the Scheme, the report should:

- describe the effect of the scheme on the proprietary rights of members of the company, including the significance of any loss or dilution of the rights of those members to secure or prevent further changes which could affect their entitlements as Cedants;
- state whether, and to what extent, members will receive compensation under the scheme for any diminution of proprietary rights; and
- comment on the appropriateness of any compensation, paying particular attention to any differences in treatment between members with voting rights and those without.

Section 2.36

C.2.10. For a Scheme involving long term insurance business, the report should:

- describe the effect of the Scheme on the nature and value of any rights of Cedants to participate in profits;
- if any such rights will be diluted by the Scheme, describe how any compensation offered to Cedants as a group (such as the injection of funds, allocation of shares, or cash payments) compares with the value of that dilution, and whether the extent and method of its proposed division is equitable as between different classes and generations of Cedants;
- describe the likely effect of the Scheme on the approach used to determine:
  - the amount of any non-guaranteed benefits such as bonuses and surrender values; and
  - the levels of any discretionary charges;
- describe what safeguards are provided by the Scheme against a subsequent change of approach to these matters that could act to the detriment of existing Cedants of either firm;
- include the independent expert's overall assessment of the likely effects of the Scheme on the reasonable expectations of long term insurance business Cedants;
- state whether the independent expert is satisfied that for each firm, the Scheme is equitable to all classes and generations of its Cedants; and
- state whether, in the independent expert's opinion, for each relevant firm the Scheme has sufficient safeguards (such as principles of financial management or certification by the with-profits actuary or actuarial function holder) to ensure that the Scheme operates as presented.

Section 2.37

C.2.11. Where the transfer forms part of a wider chain of events or corporate restructuring, it may not be appropriate to consider the transfer in isolation and the independent expert should seek sufficient explanations on corporate plans to enable them to understand the wider picture. Likewise, the independent expert will also need information on the operational plans of the transferee and, if only part of the business of the transferor is transferred, of the transferor. These will need to have sufficient detail to allow them to understand in broad terms how the business will be run.

Section 2.38

C.2.12. A transfer may provide for benefits to be reduced for some or all of the policies being transferred. This might happen if the transferor is in financial difficulties. If there is such a proposal, the independent expert should report on what reductions they consider ought to be made, unless:

- the information required is not available and will not become available in time for his report, for instance it might depend on future events; or
- he is unable to report on this aspect in the time available.

Under such circumstances, the transfer might be urgent and it might be appropriate for the reduction in benefits to take place after the event, by means of an order under Section 112 of FSMA. The PRA considers any such reductions against its statutory objectives. Section 113 of FSMA allows the court, on the application of the PRA, to appoint an independent actuary to report on any such post-transfer reduction in benefits.

Section 2.39

C.2.13. The PRA expects the independent expert to provide a supplementary report for the final court hearing. Any supplementary reports will form part of the Scheme report required to be produced under Section 109 of FSMA and must also comply with 2.30–2.37.

Section 2.40

C.2.14. The purpose of the supplementary report is for the independent expert to provide an update on any relevant new information or events that have occurred since the date of the Scheme report and to provide an opinion on whether they have affected the transfer. Matters that should be considered include, but are not limited to:

- the latest available financial information in respect of the transferor and transferee;
- any recent economic, financial or regulatory developments; and
- any representations made by Cedants or affected persons that raise issues not previously considered in the Scheme report.

Appendix D Financial Conduct Authority Handbook SUP18.2.31G to 18.2.41G

D.1 INTRODUCTION

D.1.1. In this appendix, I set out the guidance in FCA's Supervision Handbook Section 2 of SUP 18 (Transfers of Business) on the form of a report on an insurance business prepared by an independent expert.

D.2 FORM OF SCHEME REPORT

SUP 18.2.31G

D.2.1. Under Section 109 of the Act, a Scheme report must accompany an application to the court to approve an insurance business transfer Scheme. This report must be made in a form approved by the appropriate regulator. The appropriate regulator would generally expect a Scheme report to contain at least the information specified in SUP18.2.33G before giving its approval.

SUP 18.2.31AG

D.2.2. When the appropriate regulator has approved the form of a Scheme report, the Scheme promoter may expect to receive written confirmation to that effect from that regulator.

SUP 18.2.32G

D.2.3. There may be matters relating to the Scheme or the parties to the transfer that the regulators wish to draw to the attention of the independent expert. The regulators may also wish the report to address particular issues. The independent expert should therefore contact the regulators at an early stage to establish whether there are such matters or issues. The independent expert should form his own opinion on such issues, which may differ from the opinion of the regulators.

SUP 18.2.33G

D.2.4. The Scheme report should comply with the applicable rules on expert evidence and contain the following information:

- who appointed the independent expert and who is bearing the costs of that appointment;
- confirmation that the independent expert has been approved or nominated by the appropriate regulator;
- a statement of independent expert's professional qualifications and (where appropriate) descriptions of the experience that fits him for the role;
- whether the independent expert has, or has had, direct or indirect interest in any of the parties which might be thought to influence his independence, and details of any such interest;
- the scope of the report;
- the purpose of the Scheme;
- a summary of the terms of the Scheme in so far as they are relevant to the report;
- what documents, reports and other material information the independent expert has considered in preparing his report and whether any information that he requested has not been provided;

- the extent to which the independent expert has relied on:
  - information provided by others; and
  - the judgment of others;
- the people on whom the independent expert has relied and why, in his opinion, such reliance is reasonable;
- his opinion of the likely effects of the Scheme on Cedants (this term is defined to include persons with certain rights and contingent rights under the policies), distinguishing between:
  - Transferring Cedants;
  - Cedants of the transferor whose contracts will not be transferred; and
  - Cedants of the transferee;
- his opinion on the likely effects of the Scheme on any reinsurer of a transferor, any of whose contracts of reinsurance are to be transferred by the Scheme;
- what matters (if any) that the independent expert has not taken into account or evaluated in the report that might, in his opinion, be relevant to Cedants' consideration of the Scheme; and
- for each opinion that the independent expert expresses in the report, an outline of his reasons.

SUP 18.2.34G

D.2.5. The purpose of the Scheme report is to inform the court and the independent expert, therefore, has a duty to the court. However reliance will also be placed on it by Cedants, by reinsurers, by others affected by the Scheme and by the regulators. The amount of details that it is appropriate to include will depend on the complexity of the Scheme, the materiality of the details themselves and the circumstances.

SUP 18.2.35G

D.2.6. The summary of the terms of the Scheme should include:

- a description of any reinsurance arrangements that it is proposed should pass to the transferee under the Scheme; and
- a description of any guarantee or additional reinsurance that will cover the transferred business or the business of the transferor that will not be transferred.

SUP 18.2.36G

D.2.7. The independent expert's opinion of the likely effects of the Scheme on Cedants should:

- include a comparison of the likely effects if it is or is not implemented;
- state whether he considered alternative arrangements and , if so, what;
- where different groups of Cedants are likely to be affected differently by the Scheme, include comment on those differences he considers may be material to the Cedants; and
- include his views on:
  - the effect of the Scheme on the security of Cedants' contractual rights, including the likelihood and potential effects of the insolvency of the insurer;
  - the likely effects of the Scheme on matters such as investment management, new business strategy, administration, expense levels and valuation bases in so far as they may affect:

1. the security of Cedants' contractual rights;
2. levels of service provided to Cedants; or
3. for long term insurance business, the reasonable expectations of Cedants; and

- the cost and tax effects of the Scheme, in so far as they may affect the security of Cedants' contractual rights, or for long term insurance business, their reasonable expectations.

SUP 18.2.37G

D.2.8. The independent expert is not expected to comment on the likely effects on new Cedants, that is, those whose contracts are entered into after the effective date of the transfer.

SUP 18.2.38G

D.2.9. For any mutual company involved in the Scheme, the report should:

- describe the effect of the Scheme on the proprietary rights of members of the company, including the significance of any loss or dilution of the rights of those members to secure or prevent further changes which could affect their entitlements as Cedants;
- state whether, and to what extent, members will receive compensation under the Scheme for any diminution or proprietary rights; and
- comment on the appropriateness of any compensation, paying particular attention to any differences in treatment between with voting rights and those without.

SUP 18.2.39G

D.2.10. For a Scheme involving long term insurance business, the report should:

- describe the effect for the Scheme on the nature and value of any rights of Cedants to participate in profits;
- if any such rights will be diluted by the Scheme, how any compensation offered to Cedants as group (such as the injection of funds, allocation of shares, or cash payments) compares with the value of that dilution, and whether the extent and method of its proposed division is equitable as between different classes and generations of Cedants.
- describe the likely effect of the Scheme on the approach used to determine:
  - the amount of any non-guaranteed benefits such as bonuses and surrender values; and
  - the levels of any discretionary charges;
- describe what safeguards are provided by the Scheme against a subsequent change of approach to these matters that could act to the detriment of existing Cedants of either firm;
- include the independent expert's overall assessment of the likely effects of the Scheme on the reasonable expectations of long term insurance business Cedants;
- state whether the independent expert is satisfied that for each firm the Scheme is equitable to all classes and generations of its Cedants; and
- state whether, in the independent expert's opinion, for each relevant firm the Scheme has sufficient safeguards (such as principles of financial management or certification by the with-profits actuary or actuarial function holder) to ensure that the Scheme operates as presented.

SUP 18.2.40G

D.2.11. Where the transfer forms part of a wider chain of events or corporate restructuring, it may not be appropriate to consider the transfer in isolation and the independent expert should seek sufficient explanations on corporate plans to enable him to understand the wider picture. Likewise he will need information on the operational plans of the transferee and, if only part of the business of the transferor is transferred, of the transferor. These will need to have sufficient details to allow him to understand in broad terms how the business will be run.

SUP 18.2.41G

D.2.12. A transfer may provide for benefits to be reduced for some or all of the policies being transferred. This might happen if the transferor is in financial difficulties. If there is such a proposal, the independent expert should report on what reductions he considers ought to be made, unless either:

- the information required is not available and will not become available in time for his report, for instance it might depend on future events; or
- otherwise, he is unable to report on this aspect in the time available.

Under such circumstances, the transfer might be urgent and it might be appropriate for the reduction in benefits to take place after the event, by the means of an order under Section 112 of the Act. Each regulator would wish to consider the fairness of any such reduction against its objectives and Section 113 of the Act allows the court, on the application of either regulator, to appoint an independent actuary to report on any such post-transfer reduction in benefits.

Appendix E Stress and Scenario testing results and assumptions

E.1 Introduction

E.1.1. In this appendix, I present the HKRBC solvency position of the Parties under different scenarios before the Scheme (for SRC) and after the Scheme (for SRAPHK branch). The stress and scenario testing results have been conducted by the Parties for their respective long term business. In particular, SRC results are based on the 2025 ORSA SST results from year end 2025 while SRAPHK branch results are based on the information submitted to the HKIA for license application from 1 January 2025. While the Parties share the same set of SST scenarios except the company specific scenario, some of the key assumptions applied are different, e.g. the projection period and the sales volumes. I also present the key SST assumptions and scenarios in this appendix.

E.2 Solvency position under the Hong Kong solvency basis

E.2.1. Given the expected transfer, SRC projects the solvency position of its long term business over a one-year period starting from financial year end 2025. The results of Base Scenario and SST scenarios are set out in Table E.1.

TABLE E.1: PRE-SCHEME SOLVENCY POSITION OF LONF TERM BUSINESS OF SRC AS AT 31 DECEMBER 2025

	SST RESULTS			
Scenario	**Before management actions**		**After management actions**	
	YE2025	**YE2026**	**YE2025**	**YE2026**
Base Scenario	**124%**	**124%**		
Prescribed Scenarios				
Prolonged Low Interest Rates Scenario	112%	111%	No management actions required	
Rising Interest Rates Scenario	131%	130%	No management actions required	
Pandemic Scenario	99%	113%	No management actions required	
Financial Crisis Scenario*	104%	NA	No management actions required	NA
Company Specific Scenarios				
Morbidity Trend (Critical Illness) Scenario	67%	69%	81%	83%

NA : Not applicable.

Note(*) : The stresses were only applied as of valuation date.

E.2.2. The solvency position of SRC at company level over a one-year period starting from financial year end 2025 are set out in Table E.2 under the Base Scenario and SST scenarios.

TABLE E.2: PRE-SCHEME SOLVENCY POSITION OF SRC AS AT 31 DECEMBER 2025

	SST RESULTS			
Scenario	**Before management actions**		**After management actions**	
	YE2025	**YE2026**	**YE2025**	**YE2026**
Base Scenario	**163%**	**155%**		
Prescribed Scenarios				
Prolonged Low Interest Rates Scenario	145%	138%	No management actions required	
Rising Interest Rates Scenario	168%	159%	No management actions required	
Pandemic Scenario	134%	140%	No management actions required	
Financial Crisis Scenario	134%	NA	No management actions required	NA
Natural catastrophes ("Nat Cat") Scenario	163%	154%	No management actions required	
Company Specific Scenarios				
Morbidity Trend (Critical Illness) Scenario	113%	107%	132%	130%
Accumulation of three small Nat Cat and one midsize man-made Scenario	163%	154%	No management actions required	

E.2.3. For the purpose of a branch application for operation of reinsurance business in Hong Kong, SRAP has prepared a four-year business plan starting 1 January 2025 per the requirement of HKIA. In addition, SRAP has projected the solvency position of its long term business under the same set of SST prescribed scenarios adopted by SRC as part of its ORSA exercise. The results for the Base Scenario and the SST scenarios of SRAPHK branch long term business and at the total company level are set out in Table E.3 and Table E.4 respectively.

E.2.4. In the Supplementary Report, the projection shown in Table E.3 and E.4 will be replaced with the results produced based on the actual 2025 SRC position.

TABLE E.3: POST-SCHEME SOLVENCY POSITION OF LONG TERM BUSINESS OF SRAPHK BRANCH

Scenario	YE2025	YE2026	YE2027	YE2028
Base Scenario	**224%**	**222%**	**221%**	**222%**
Prescribed Scenarios				
Prolonged Low Interest Rates Scenario	223%	215%	204%	202%
Rising Interest Rates Scenario	256%	254%	238%	230%
Pandemic Scenario	204%	200%	190%	186%
Financial Crisis Scenario	212%	203%	194%	193%
Company Specific Scenarios				
Morbidity Trend (Critical Illness) Scenario	194%	193%	187%	184%

TABLE E.4: POST-SCHEME SOLVENCY POSITION OF SRAPHK BRANCH

Scenario	YE2025	YE2026	YE2027	YE2028
Base Scenario	**292%**	**272%**	**253%**	**254%**
Prescribed Scenarios				
Prolonged Low Interest Rates Scenario	279%	257%	232%	228%
Rising Interest Rates Scenario	323%	303%	269%	261%
Pandemic Scenario	247%	236%	215%	211%
Financial Crisis Scenario	263%	241%	219%	217%
Nat Cat Scenario	274%	263%	250%	251%
Company Specific Scenarios				
Morbidity Trend (Critical Illness) Scenario	254%	238%	216%	212%

Scenario	YE2025	YE2026	YE2027	YE2028
Accumulation of three small Nat Cat and one midsize man-made Scenario	286%	267%	249%	251%

Summary of key assumptions in SST

E.2.5. The key assumptions adopted by SRC to produce the 2025 SST results are:

Sales assumptions

- Business mix of new treaties (i.e. for projection year 2026) follows YE2025 business mix based on first year premium.
- All new treaties are assumed to be denominated in HKD since most of the new business is assumed to be from Hong Kong.
- The Company expects to have the following sales growth for the Long Term Business in the forecast period.

TABLE E.5: NEW BUSINESS SALES ASSUMPTIONS FOR SRC LONG TERM BUSINESS

	2025	2026
Sales volume (HKD million)	138	296
YoY % growth	N/A	115%

Expense

- The expense assumption for most of the traditional long term and traditional short-term products is set at 3.80%.

Other valuation assumptions

- All other assumptions follow the 2025 year-end best estimate valuation assumptions.

E.2.6. The key assumptions adopted by SRAP to produce the 2025 SST results for SRAP HK branch are set out below. Note that projections are produced from 1 January 2025 which is different from SRC projections above.

Sales assumptions

- The total business volume consists of onshore business from Hong Kong and offshore business from Taiwan and Macau. The total net written premium in 2024 is HKD 659 million. The projected annual growth rates for the period from 2025 to 2028 are 14.9%, 9.7%, 9.5%, and 10.2% respectively, indicating a stable increase over the forecasted period. Premium of onshore business accounts for 62% of total business in 2024 and increases to 71% in 2028.

TABLE E.6: NEW BUSINESS SALES ASSUMPTIONS FOR SRAPHK BRANCH

		2025	2026	2027	2028
Hong Kong	Sales volume (HKD million)	98	73	70	80
	YoY % growth		-26%	-4%	-15%
Taiwan	Sales volume (HKD million)	25	16	17	19
	YoY % growth		-35%	1%	15%
Macau	Sales volume (HKD million)	1.2	0	0.3	0.4
	YoY % growth		-100%	N/A	13%

Expense

- Expense assumption is set at 2.30% for both traditional long term and traditional short-term products.

Other valuation assumptions

- All other assumptions follow the 2024 year-end best estimate valuation assumptions.

Summary of scenarios

E.2.7. Both SRC and SRAP used the same set of SST scenarios, which are set out in Table E.7.

TABLE E.7: SUMMARY OF SHOCKS FOR SST SCENARIOS

Scenario	Description of shocks
Prescribed Scenarios	
Prolonged Low Interest Rates Scenario	▪ 30% decrease in interest rates until the last liquid point; 10% decrease in the ultimate forward rate ▪ 30% immediate fall in equity and property values; remain flat thereafter ▪ Immediate increase in credit spreads based on the table provided by HKIA; remain flat thereafter
Rising Interest Rates Scenario	▪ 30% increase in interest rates until the last liquid point; 10% increase in the ultimate forward rate ▪ 30% immediate fall in equity and property values; remain flat thereafter ▪ Immediate increase in credit spreads based on the table provided by HKIA; remain flat thereafter
Pandemic Scenario	▪ 30% decrease in interest rates until the last liquid point; 10% decrease in the ultimate forward rate ▪ 30% immediate fall in equity and property values; remain flat thereafter ▪ Immediate increase in credit spreads; remain flat thereafter ▪ 1.5 per mille absolute increase in mortality rates in the first 12 months ▪ 20% increase in morbidity rates or 20% decrease in recovery rates, whichever is more adverse, in the first 12 months ▪ 30% decrease in new business volumes
Financial Crisis Scenario	▪ Lower of: (i) 50% decrease in interest rates until the last liquid point, and (ii) absolute 1% p.a. decrease in interest rates; 10% decrease in the ultimate forward rate ▪ 50% immediate fall in equity and property values; remain flat thereafter ▪ Immediate increase in credit spreads; remain flat thereafter
Nat Cat Scenario	▪ The scenario assesses the impact from a Nat Cat event, The selection of adverse scenario considers the GI portfolio and risk profile with the highest impact arising from Cat exposures. ▪ The stress impact relies on the latest Nat Cat modelling outputs from the latest version of Nat Cat model. ▪ The stress is assumed to occur during 2026. The impacts on PCA are measured in FY2026. ▪ This scenario only applies to general business.

Scenario	Description of shocks
Company Specific Scenarios (SRC only)	
Morbidity Trend (Critical Illness) Scenario	▪ Critical Illness loss ratio increased by 30% for the first projection year and 29% for the second projection year and onwards.
Accumulation of three small Nat Cat and one midsize man-made Scenario	▪ The stress impact relies on the latest Nat Cat modelling outputs from the latest version of Nat Cat model. ▪ The stress is assumed to occur during 2026. The impacts on PCA are measured in FY2026. ▪ All claims are settled and retrocession recovery payments are received during 2026. ▪ The stress impact is measured net of retrocession and considers reinstatement premiums (inward and outward). ▪ The 1-in-15 year man-made stress parameter value is estimated based on a statistical loss distribution fitted using actual historical claims experience for the past 15 years.

E.3 Solvency position under the Singapore solvency basis

E.3.1. Given the expected transfer, SRAP has projected its solvency position under the Singapore RBC basis assuming the Scheme will be implemented as of 1 January 2026. The results of Base Scenario and SST scenarios are set out in Table E.8.

E.3.2. In the Supplementary Report, the projection shown in Table E.8 will be replaced with the results produced based on the actual 2025 SRAP position.

TABLE E.8: POST-SCHEME SOLVENCY POSITION OF SRAP

Scenario	YE2025	YE2026	YE2027	YE2028
Base Scenario	**566%**	**586%**	**607%**	**622%**
Single stress events				
A – Largest net exposure on a 1-in-250 year natural catastrophe event	550%	562%	582%	597%
B – Largest net exposure on a man-made event	551%	562%	582%	596%
C – A pandemic event	493%	512%	530%	543%
D – An adverse morbidity trend	406%	418%	430%	437%
E – 99.5% Value-at-Risk (“VaR”) for the investment portfolio	496%	515%	534%	547%
F – Liquidity scenario	575%	601%	622%	638%
G – Loss of material client	465%	488%	506%	518%
Sensitivity tests				
S1 – Macroeconomic stressor - Sensitivity to an increase in interest rates by 100 bps	535%	555%	575%	589%
S2 – Macroeconomic stressor - Sensitivity to an increase in credit spread by 100 bps	555%	575%	596%	611%
S3 – 5% increase in attritional losses for property and casualty (“P&C”) long-tail lines of business	561%	579%	600%	615%
Scenarios				

Scenario	YE2025	YE2026	YE2027	YE2028
1 – Accumulation within the same year of 4 large man-made events and 3 x 1-in-100 year natural catastrophe events	524%	519%	537%	550%
2 – Combination of Scenario 1 and Sensitivity test S3	520%	513%	531%	543%
3 – Combination of single stresses A, C and E (P&C, L&H and Market events)	476%	487%	505%	517%

Summary of scenarios

E.3.3. The SST scenarios used by SRAP are set out in Table E.9.

TABLE E.9: SUMMARY OF SHOCKS FOR SST SCENARIOS

Scenario	Scenario description
Single stress events	
A – Largest net exposure on a 1-in-250 year natural catastrophe event	▪ This stress test estimates the impact of an earthquake event in United States (exposures in the Australia, South Korea and Singapore ledgers), assessed as the most severe 1-in-250 year Nat Cat exposure on a net basis. ▪ The stress impact relies on the latest Nat Cat modelling outputs and the latest version of Nat Cat model, is measured net of retrocession and considers reinstatement premiums (inward and outward).
B – Largest net exposure on a man-made event	▪ This stress test estimates the impact of a large man-made loss involving a loss at a construction site leading to financial failure of the contractor (exposure in the Australia ledger), assessed as the most severe man-made exposure on a net basis. ▪ The stress impact is measured net of retrocession and considers reinstatement premiums (outward).
C – A pandemic event	▪ This stress test assesses the impact of an extreme global pandemic event corresponding to a 1-in-200 year event from the RMS pandemic model parametrised to SCOR's risk profile as included in SCOR's internal model at year end 2022. It affects the L&H portfolio underwritten by the Korea Branch. ▪ The corresponding excess mortality rate for Korea is 0.6294 per mille. The impact on the reserves is assessed before the application of PADs.
D – An adverse morbidity trend	▪ This scenario assesses the impact of an adverse morbidity trend leading to a deterioration in loss ratio for the critical illness portfolio. It affects the L&H portfolio underwritten by the Korea Branch. ▪ This stress test assumes a 24% increase in loss ratio for year 2025 and 23% increase from year 2026 onwards for the critical illness portfolio until expiry of the underlying morbidity liabilities, based on the 1-in-200 year calibration of SCOR's internal model as at year end 2023. The impact on the reserves is assessed before the application of PADs.
E – 99.5% VaR for the investment portfolio	▪ This scenario assesses the 99.5% VaR for the investment portfolio over a one-year horizon.

Scenario	Scenario description
	▪ The estimated loss in value of the investment portfolio is determined based on 15-year historical data.
F – Liquidity scenario	▪ This scenario assesses the impact of an adverse deviation from planned liquidity needs, resulting from higher-than-expected claims settlements over a one-year horizon. ▪ This scenario assumes a settlement of claims faster than planned, leading to an increase by 5% of gross paid claims over a one-year horizon as compared to the cash flow forecast under the central scenario. These additional paid claims are assumed to contribute to a reduction in claims reserves of the same amount.
G – Loss of material client	▪ This scenario assesses the impact arising from the loss of a major counterparty of the former SSE Singapore Branch ▪ The major counterparty is a significant client on the basis of being the largest contributor to the allowance for recognition of negative reserves. Transactions such as receivables relating to this client are reversed, including the removal of negative reserves.
Sensitivity tests	
S1 – Macroeconomic stressor - Sensitivity to an increase in interest rates by 100 bps	▪ This sensitivity test assumes an increase in interest rates by 100 basis points. ▪ This sensitivity test applies to the bond portfolio held in Singapore and in overseas Branches. The impact on the valuation of the policy liabilities is assessed to be immaterial.
S2 – Macroeconomic stressor - Sensitivity to an increase in credit spread by 100 bps	▪ This sensitivity test assesses the credit sensitivity of the fixed income portfolio by measuring the variation of the portfolio valuation due to an increase of the spread by 100 basis points. ▪ This sensitivity test applies to the corporate bond portfolio held by the Singapore-based entity and the overseas branches.
S3 – 5% increase in attritional losses for P&C long-tail lines of business	▪ This sensitivity test assumes an increase by 5% in P&C claim liabilities and premium liabilities for long tail lines of business (“LoBs”) across all underwriting years, due to reserve deterioration. ▪ For premium liabilities, the 5% increase is applied to the unexpired risk reserves (“URR”), being the higher vs. the unearned premium (“UPR”), at each fund and overseas branch level. ▪ The Motor, Engineering and Others LoBs of the Singapore ledger are assumed to be all long-tailed. ▪ The reserve deterioration is assumed to arise from attritional claims only and therefore, no excess of loss recoveries from the retro programmes. Additionally, the recoveries from Quota Share retro applicable for earlier underwriting years are assessed to be immaterial.
Scenarios	
1 – Accumulation within the same year of 4 large man-made events and 3 x 1-in-100 year natural catastrophe events	▪ This stress scenario assesses the impact of an accumulation of several large man-made and 1-in-100 year Nat Cat events: o Four man-made large events: ▪ an explosion of oil refinery facility in South Korea (impacting the South Korea ledger) ▪ an explosion in a petrochemical and refinery complex in Egypt (impacting the Labuan ledger)

Scenario	Scenario description
	▪ a collision of two buses carrying members of sports teams (impacting the Australia ledger) ▪ an explosion of ethylene reflux drum in a chemical plant in South Korea (impacting the South Korea ledger) o Three 1-in-100 year Nat Cat events: ▪ Australia earthquake (impacting the Australia and Singapore ledgers) ▪ Japan earthquake (impacting the Singapore ledger) ▪ United States tropical cyclone (impacting the Australia, Singapore and South Korea ledgers). ▪ The man-made event impacting the Labuan ledger assumes limited exposure on the risk in Egypt from Treaty business. ▪ The impact of each event is measured net of retrocession and considers reinstatement premiums (inward and outward).
2 – Combination of Scenario 1 and Sensitivity test S3	▪ This stress scenario tests the simultaneous impact of P&C Underwriting and Reserving Risks. ▪ See scenario descriptions for scenario 1 and sensitivity test 3.
3 – Combination of single stresses A, C and E (P&C, L&H and Market events)	▪ This scenario aims to assess the impact of severe events affecting the P&C, L&H and investment portfolios within the same year. The events selected are the largest net exposure on a 1-in-250 year natural catastrophe event (same as single stress A), a 1-in-200 year pandemic event (same as single stress C) and a 1-in-200 year market event (same as single stress E). ▪ See scenario descriptions for single stresses A, C and E.