THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, banker, solicitor, accountant or other professional advisers immediately.

MNRB HOLDINGS BERHAD
(Registration No. 197201001795 (13487-A))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED ACQUISITION OF 80% EQUITY INTEREST IN LABUAN REINSURANCE (L) LTD BY MNRB HOLDINGS BERHAD FOR A TOTAL CASH CONSIDERATION OF USD100,689,242.02 (EQUIVALENT TO RM400,491,460.14) ("PROPOSED ACQUISITION")

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF MNRB IN RELATION TO THE PROPOSED ACQUISITION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A

AFFIN HWANG INVESTMENT BANK BERHAD
(Registration No. 197301000792 (14389-U))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B

QUANTEPHI SDN BHD
(Registration No. 201101033479 (965573-T))

The extraordinary general meeting ("**EGM**") of our Company in respect of the Proposed Acquisition will be held physically at the Stateroom 2, Ground Floor, M Resort & Hotel, Jalan Damansara, Bukit Kiara, 60000 Kuala Lumpur on Friday, 14 August 2026 at 10:00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution so as to give effect to the Proposed Acquisition. The Notice of the EGM together with the Proxy Form are enclosed herewith.

A member of our Company entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate and vote on his/her behalf. In such event, the completed and signed Proxy Form should be deposited at our Company's Share Registrar office at Boardroom Share Registrars Sdn. Bhd. ("**Boardroom**") at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia either by hand, post or email to Boardroom at bsr.proxy@boardroomlimited.com. You also have the option to lodge electronically via "Boardroom Smart Investor Portal" at https://investor.boardroomlimited.com ("**e-Proxy Lodgement**"). The Proxy Form must be received by Boardroom not less than 48 hours before the time stipulated for holding the EGM or at any adjournment thereof. The lodging of the completed Proxy Form does not preclude a member of our Company from attending and voting in person at the EGM should the member subsequently wish to do so.

Last date and time for lodging the Proxy Form	:	Wednesday, 12 August 2026 at 10:00 a.m.
Date and time of the EGM	:	Friday, 14 August 2026 at 10:00 a.m.

This Circular is dated 31 July 2026

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act 2016
Adjusted TNAV	:	TNAV, which has been audited based on MFRS 4, after deducting the Dividend 2024
Affin Hwang IB	:	Affin Hwang Investment Bank Berhad (Registration No. 197301000792 (14389-U))
Announcement LPD	:	30 April 2026, being the latest practicable date before the announcement of the Proposed Acquisition on 19 May 2026
AoA	:	Articles of Association of Labuan Re
AI	:	Artificial intelligence
ASB	:	Amanah Saham Bumiputera
BNM	:	Bank Negara Malaysia
Balance Final Consideration	:	Final Consideration less Deposit
Board	:	The board of directors of our Company
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CAPM	:	Capital Asset Pricing Model
CIMB Bank	:	CIMB Bank Berhad (Registration No. 197201001799 (13491-P))
Circular	:	This circular issued by our Company to our shareholders dated 31 July 2026 in relation to the Proposed Acquisition
Completion	:	The completion of the Proposed Acquisition
Completion Date	:	The date as may be agreed upon between our Company and the Vendors within 5 business days after the unconditional date on which the last condition precedent of the SPA is fulfilled or waived in accordance with the terms of the SPA
Deposit	:	Deposit equivalent to 5% of the Initial Consideration
Director(s)	:	The director(s) of our Company and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon: (i) a director of our Company, subsidiary or holding company; or (ii) chief executive of our Company, subsidiary or holding company
Dividend 2024	:	Dividend declared by Labuan Re on 25 July 2025 in respect of FYE 31 December 2024, which was paid by Labuan Re to its shareholders on 28 July 2025
EGM	:	Extraordinary general meeting

EPF	:	Employees Provident Fund Board
EPS	:	Earnings per share
E&E	:	Electrical and electronics
Final Consideration	:	Initial Consideration adjusted to deduct any distributions (other than the Dividend 2024 which was paid on 28 July 2025) paid by Labuan Re to its shareholders after the accounts date of 31 December 2024 and before the Completion Date. As at the LPD, Labuan Re has not declared any distributions in respect of the FYE 31 December 2025 and/or any interim distribution for the period subsequent to the FYE 31 December 2025.
FPE	:	Financial period ended / ending, as the case may be
FVTPL	:	Fair value through profit or loss
FYE	:	Financial year ended / ending, as the case may be
GDP	:	Gross domestic product
GMM	:	General Measurement Model
Hanoi Reinsurance	:	Hanoi Reinsurance JSC (formerly known as PVI Reinsurance JSC)
HICOM	:	HICOM Holdings Berhad (Registration No. 191001000005 (67-W))
IAL	:	Independent advice letter issued by QuantePhi to our non-interested shareholders in relation to the Proposed Acquisition dated 31 July 2026, as set out in Part B of this Circular
IFRS 17	:	International Financial Reporting Standard 17: Insurance Contracts
Initial Consideration	:	Total cash consideration of USD100,689,242.02 (equivalent to RM400,491,460.14 based on the pre-determined exchange rate of USD1.00 : RM3.9775 as published on BNM's website at 12:00 p.m. on 18 May 2026 in accordance with the terms of the SPA)
Interested Directors	:	Collectively, Dato' Sulaiman Mohd Tahir and Mr George Oommen
Interested Shareholders	:	Collectively, PNB, ASB and YPB
Interested Parties	:	Collectively, the Interested Directors and Interested Shareholders
ITOs	:	Insurers and takaful operators
Khazanah	:	Khazanah Nasional Berhad (Registration No. 199301020767 (275505-K))
KWAP	:	Kumpulan Wang Persaraan (Diperbadankan)
Labuan FSA	:	Labuan Financial Services Authority
Labuan Re	:	Labuan Reinsurance (L) Ltd (Registration No. LL00067)
Labuan Re Share(s)	:	Ordinary share(s) in Labuan Re

LCA	:	Labuan Companies Act 1990
LFSSA	:	Labuan Financial Services and Securities Act 2010
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
Lloyd's	:	Lloyd's of London
LPD	:	15 July 2026, being the latest practicable date before the issuance of this Circular
LRUL	:	Labuan Re Underwriting Limited (Company No. 05976567)
LTAT	:	Lembaga Tabung Angkatan Tentera
MHIT	:	Medical and health insurance / takaful
MISC	:	MISC Berhad (Registration No. 196801000580 (8178-H))
NA	:	Net assets
National Reinsurance Corporation	:	National Reinsurance Corporation of the Philippines
Malaysian Re	:	Malaysian Reinsurance Berhad (Registration No. 200401025686 (664194-V))
Maybank	:	Malayan Banking Berhad (Registration No. 196001000142 (3813-K))
MFRS	:	Malaysian Financial Reporting Standards
MFRS 4	:	MFRS 4: Insurance Contracts
MFRS 17	:	MFRS 17: Insurance Contracts
MFRS 108	:	MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 121	:	MFRS 121: The Effects of Changes in Foreign Exchange Rates
MNRB or Company	:	MNRB Holdings Berhad (Registration No. 197201001795 (13487-A))
MNRB Group or Group	:	MNRB and its subsidiaries, collectively
MNRB Share(s) or Share(s)	:	Ordinary share(s) in MNRB
MOF	:	Ministry of Finance
MOF (Inc)	:	Minister of Finance (Incorporated)
M&A	:	Mergers and acquisitions
PAA	:	Premium Allocation Approach
Pakistan Reinsurance Company	:	Pakistan Reinsurance Company Limited

PAT	:	Profit after tax and zakat
PBR	:	Price-to-book ratio
PBT	:	Profit before tax and zakat
PETRONAS	:	Petroliam Nasional Berhad (PETRONAS) (Registration No. 197401002911 (20076-K))
PNB	:	Permodalan Nasional Berhad (Registration No. 197801001190 (38218-X))
Proposed Acquisition	:	Proposed acquisition of 80% equity interest in Labuan Re by our Company for a total cash consideration of USD100,689,242.02 (equivalent to RM400,491,460.14 based on the pre-determined exchange rate of USD1.00 : RM3.9775 as published on BNM's website at 12:00 p.m. on 18 May 2026 in accordance with the terms of the SPA), being the Initial Consideration
Public Bank	:	Public Bank Berhad (Registration No. 196501000672 (6463-H))
P/TNAV		Price-to-tangible net asset value ratio
QuantePhi	:	QuantePhi Sdn Bhd (Registration No. 201101033479 (965573-T)), being the independent adviser appointed by our Board (save for the Interested Directors) to advise the non-interested Directors and non-interested shareholders of our Company on the Proposed Acquisition
RHB Bank	:	RHB Bank Berhad (Registration No. 196501000373 (6171-M))
RPT	:	Related party transaction
Sale Shares	:	120,000,000 Labuan Re Shares, representing 80% equity interest in Labuan Re held by the Vendors
Shareholders' Agreement	:	The Labuan Re shareholders' agreement entered into between Malaysian Re and the Vendors dated 5 February 1996
SPA	:	Conditional sale and purchase agreement dated 19 May 2026 entered into between our Company as the purchaser and the Vendors for the Proposed Acquisition
Telekom	:	Telekom Malaysia Berhad (Registration No: 198401016183 (128740-P))
TNAV	:	Tangible net asset value
TNB	:	Tenaga Nasional Berhad (Registration No. 199001009294 (200866-W))
US	:	United States of America
VAS	:	Vietnamese Accounting Standard
Vendors	:	Collectively, CIMB Bank, HICOM, MISC, PETRONAS, Telekom, TNB, LTAT, Maybank, Public Bank and RHB Bank

Vietnam National Reinsurance	:	Vietnam National Reinsurance Corporation
YPB	:	Yayasan Pelaburan Bumiputra (Registration No. 197801000107 (37113-P))

CURRENCIES

IDR	:	Indonesian Rupiah
PHP	:	Philippine Pesos
PKR	:	Pakistani Rupee
RM and sen	:	Ringgit Malaysia and sen, respectively
USD	:	United States Dollar
VND	:	Vietnamese Dong

References to "**our Company**" in this Circular are to MNRB and references to "**our Group**" are to our Company and our subsidiaries. References to "**we**", "**us**", "**our**" and "**ourselves**" in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to "**you**", "**your**" and "**yourselves**" in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in the Circular to the provisions of any statutes, rules, regulations or rules of the stock exchange shall (where the context admits) be construed as a reference to the provisions of such statutes, rules, regulations or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statutes, rules, regulations or rules of stock exchange for the time being in force.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in our Integrated Reports or quarterly results, is due to rounding.

Any exchange rate translation in this Circular is provided solely for your convenience and should not be constituted as representation that the translated amounts stated in this Circular could have been or would have been converted into such other amounts or vice versa.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our plans and objectives will be achieved.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED ACQUISITION. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR AND THE IAL, TOGETHER WITH THE APPENDICES CONTAINED HEREIN, WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT OUR FORTHCOMING EGM.

Key information	Summary	Reference to this Circular
The Proposed Acquisition	The Proposed Acquisition involves the acquisition by our Company of the Sale Shares representing 80% equity interest in Labuan Re from the Vendors for a total cash consideration of USD100,689,242.02 (equivalent to RM400,491,460.14 based on the pre-determined exchange rate of USD1.00 : RM3.9775 as published on BNM's website at 12:00 p.m. on 18 May 2026 in accordance with the terms of the SPA). The salient terms of the SPA are set out in **Appendix II** of this Circular. The Proposed Acquisition is deemed as a RPT pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and Interested Shareholders.	Sections 1, 2 and 9 of Part A
Basis and justification of arriving at the Initial Consideration	The Initial Consideration for the Proposed Acquisition was arrived at on a "willing-buyer willing-seller" basis, after taking into consideration the following: **(i) 80% share of Labuan Re's Adjusted TNAV as at 31 December 2024 of USD 114.62 million which had been audited based on MFRS 4;** **(ii) Precedent transactions in recent years based on their P/TNAV;** The Initial Consideration, which represents 0.88 times of the Adjusted TNAV as at 31 December 2024, is at the lower-end range of the Precedent Transactions' P/TNAV of 0.79 times to 2.56 times and is below the median P/TNAV of the Precedent Transactions of 1.28 times. **(iii) Trading multiples of comparable companies based on PBR;** The implied PBR of 0.85 times based on the Initial Consideration and the adjusted NA of Labuan Re as at 31 December 2024 is: (a) **Peer Companies' PBR** – within the range of the Peer Companies' PBRs of 0.20 times to 1.52 times, and is above the median PBR of the Peer Companies of 0.80 times; and	Section 2.4 of Part A

Key information	Summary	Reference to this Circular
	(b) **Peer Companies' Adjusted PBR** - within the range of the Peer Companies' Adjusted PBRs of 0.17 times to 1.03 times, and is above the median Adjusted PBR of the Peer Companies of 0.41 times; and **(iv) the rationale for the Proposed Acquisition.** Our Board takes cognisance that the implied PBR based on the Initial Consideration of 0.85 times is above the median Adjusted PBR of the Peer Companies of 0.41 times but is justifiable as MNRB is acquiring a controlling stake of Labuan Re. Labuan Re will become a wholly-owned subsidiary of MNRB where MNRB will be able to recognise and consolidate Labuan Re's future results and steer the business direction of Labuan Re as part of the MNRB Group after the Completion. Based on the NA of Labuan Re of USD185.15 million as at 31 December 2025 audited based on MFRS 4, the implied PBR based on the Initial Consideration is 0.68 times which demonstrates an improvement of financial position of Labuan Re from FYE 31 December 2024 to FYE 31 December 2025.	
Rationale for the Proposed Acquisition	The Proposed Acquisition represents a strategic opportunity for our Company to strengthen our position as a regionally competitive reinsurance and retakaful group, leveraging on Labuan Re's established offshore platform and international client base. Through the Proposed Acquisition, our Company is expected to increase the market share of our reinsurance business as Labuan Re offers a comprehensive and diverse range of reinsurance solutions across conventional reinsurance, retakaful and Lloyd's participations. The Proposed Acquisition will enhance our Company's international presence by consolidating our Company's position as the sole shareholder of Labuan Re. The Proposed Acquisition also facilitates geographic diversification, reducing concentration risk to the domestic market, while advancing our Company's transformation into a focused reinsurance and retakaful group.	Section 3 of Part A

<table>
<tr><th>Key information</th><th>Summary</th><th>Reference to this Circular</th></tr>
<tr><td>Risk factors</td><td>Our Board does not foresee any other additional material change to the risk profile of our enlarged Group arising from the Proposed Acquisition given the similar business segment of our Group and Labuan Re being involved in the business of underwriting of all classes of general reinsurance business and management of general reinsurance and retakaful businesses. Notwithstanding that, the Proposed Acquisition may expose our Group to certain risks as set out below:
(i) operation risk;
(ii) completion risk;
(iii) contractual risk;
(iv) integration risk;
(v) fair value assessment at Completion;
(vi) financing risk; and
(vii) acquisition risk and synergy realisation risk.</td><td>Section 5 of Part A</td></tr>
<tr><td>Approvals required and conditionality</td><td>The Proposed Acquisition is subject to the following approvals being obtained:

(i) approval from BNM;

(ii) approval from Labuan FSA;

(iii) approval from the non-interested shareholders of our Company at our forthcoming EGM for the Proposed Acquisition;

(iv) regulatory approval from Lloyd’s in relation to the indirect change of control of LRUL;

(v) consent from RHB Bank (L) Ltd; and

(vi) any other parties, if required.

The Proposed Acquisition is not conditional upon any other corporate proposal undertaken or to be undertaken by our Company.</td><td>Section 8 of Part A</td></tr>
<tr><td>Effects of the Proposed Acquisition</td><td><u>NA, NA per MNRB Share and gearing</u>
Based on the latest audited consolidated statements of financial position of our Company as at 31 March 2026 and on the assumption that the Proposed Acquisition had been effected on that date, the pro forma effects of the Proposed Acquisition on the consolidated NA, NA per MNRB Share and gearing of our Company are as follows:

(i) the consolidated NA of our Company will increase from RM3.89 billion to RM4.10 billion with the NA per MNRB Share increasing from RM4.96 to RM5.23; and</td><td>Section 6 of Part A</td></tr>
</table>

Key information	Summary	Reference to this Circular
	(ii) the gearing of our Group will increase from 0.17 times to 0.28 times pursuant to the consolidation of the borrowings of Labuan Re and the borrowings taken to finance the Proposed Acquisition. **Earnings and EPS** Assuming that the Proposed Acquisition had been effected at the beginning of the FYE 31 March 2026, the pro forma effects of the Proposed Acquisition on the earnings and EPS of our Group are as follows: (i) PAT attributable to the equity holders of our Company will increase from RM544.68 million to RM855.75 million; and (ii) EPS per MNRB Share will increase from RM0.70 to RM1.09.	
Interests of Directors, major shareholders and/or persons connected with them	**Interested Directors** The following Directors of our Company are deemed interested in the Proposed Acquisition: (i) Dato' Sulaiman Mohd Tahir, the Non-Independent and Non-Executive Chairman of our Company, is a nominee director of PNB; and (ii) Mr George Oommen, the Senior Independent Non-Executive Director and the Chairman of the Audit Committee of our Company. He is also the Non-Executive Chairman in Labuan Re and a director of LRUL. Premised on Mr George Oommen's common directorships in our Company, Labuan Re and LRUL, he is deemed interested in the Proposed Acquisition. **Interested Shareholders** PNB, ASB and YPB are the Interested Shareholders and are deemed interested in the Proposed Acquisition in view of the following: (i) PNB is a major shareholder of our Company. PNB is also deemed interested in the Proposed Acquisition by virtue of PNB having nominee directors on the boards of directors of Maybank and TNB, as well as its equity interest in certain Vendors; (ii) YPB is an indirect major shareholder of our Company, by virtue of its 99.99% equity interest in PNB pursuant to Section 8 of the Act. YPB is also deemed interested in the Vendors by virtue of its 99.99% equity interest in PNB pursuant to Section 8 of the Act; and	Section 9 of Part A

Key information	Summary	Reference to this Circular
	(iii) ASB is a major shareholder of our Company. ASB is a unit trust fund managed by Amanah Saham Nasional Berhad, a wholly-owned subsidiary of PNB, whereas PNB is the investment manager of ASB. As such, ASB is a person connected to PNB. ASB is also deemed interested in the Proposed Acquisition by virtue of ASB having equity interest in certain Vendors. Save as disclosed above, none of our directors, major shareholders and/or persons connected with them have any interest, either direct and/or indirect, in the Proposed Acquisition as at the LPD.	
Audit Committee's Statement	Our Audit Committee (save for Mr. George Oommen as an Interested Director), after having considered all aspects of the Proposed Acquisition, including the rationale and effects of the Proposed Acquisition, salient terms of the SPA, as well as the evaluation of the Independent Adviser, is of the view that the Proposed Acquisition is: (i) in the best interest of our Company; (ii) fair, reasonable and on normal commercial terms; and (iii) not detrimental to the interest of the non-interested shareholders of our Company.	Section 13 of Part A
Directors' Statement and Recommendation	Our Board (save for the Interested Directors), after having considered all aspects of the Proposed Acquisition, including the rationale and effects of the Proposed Acquisition, salient terms of the SPA, the basis and justification of arriving at the Initial Consideration, prospects of Labuan Re as well as the evaluation of the Independent Adviser, is of the opinion that the Proposed Acquisition is: (i) in the best interest of our Company; (ii) fair, reasonable and on normal commercial terms; and (iii) not detrimental to the interest of the non-interested shareholders of our Company. Accordingly, our Board (save for the Interested Directors) recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Acquisition to be tabled at our forthcoming EGM.	Section 14 of Part A

Key information	Summary	Reference to this Circular
Independent Adviser's conclusion and recommendation	Premised on QuantePhi's overall evaluation and assessment of the Proposed Acquisition based on the information available to them up to the LPD, QuantePhi is of the opinion that, taken as a whole, the Proposed Acquisition is fair and reasonable and is not detrimental to the interest of the non-interested shareholders of our Company. Accordingly, QuantePhi recommends that the non-interested shareholders of our Company to **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Acquisition.	Part B of this Circular

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PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION

MNRB HOLDINGS BERHAD
(Registration No. 197201001795 (13487-A))
(Incorporated in Malaysia)

Registered Office

12th Floor,
Bangunan Malaysian Re,
No.17, Lorong Dungun,
Damansara Heights,
50490 Kuala Lumpur

31 July 2026

The Board of Directors:

Dato' Sulaiman Mohd Tahir	*Non-Independent Non-Executive Chairman*
George Oommen	*Senior Independent Non-Executive Director*
Junaidah Mohd Said	*Independent Non-Executive Director*
Zaida Khalida Shaari	*Independent Non-Executive Director*
Chin See Mei	*Independent Non-Executive Director*
Kamarul Ariffin Mohd Jamil	*Independent Non-Executive Director*

To: Our shareholders

Dear Sir/Madam,

PROPOSED ACQUISITION

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1. INTRODUCTION

Affin Hwang IB, on behalf of our Board, made the following announcements in relation to the Proposed Acquisition:

(i) On 19 May 2026, announcing that our Company had on 19 May 2026 entered into the SPA with the Vendors for the Proposed Acquisition; and

(ii) On 16 June 2026, announcing that our Company had on 16 June 2026 submitted an application in relation to the Proposed Acquisition to BNM for its approval pursuant to Section 85(1) of the Financial Services Act 2013.

The Proposed Acquisition is deemed as a RPT pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and Interested Shareholders as set out in Section 9 of Part A of this Circular. Accordingly, our Board (save for the Interested Directors), has appointed QuantePhi on 15 May 2026 as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of our Company on the Proposed Acquisition. The IAL is set out in Part B of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED ACQUISITION AND TO SEEK YOUR APPROVAL ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS LETTER IN PART A OF THIS CIRCULAR AND THE IAL IN PART B OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT OUR FORTHCOMING EGM.

2. THE PROPOSED ACQUISITION

The Proposed Acquisition involves the acquisition by our Company of the Sale Shares representing 80% equity interest in Labuan Re from the following Vendors for the Initial Consideration as follows:

(1) Name of Vendors	(2) No. of Sale Shares	(3) %	(4) Initial Consideration (USD)	(5) Initial Consideration payable in RM equivalent[(1)] (RM)
CIMB Bank	15,000,000	10.0	12,586,155.25	50,061,432.51
HICOM	15,000,000	10.0	12,586,155.25	50,061,432.51
MISC	15,000,000	10.0	12,586,155.25	50,061,432.51
PETRONAS	15,000,000	10.0	12,586,155.25	50,061,432.51
Telekom	15,000,000	10.0	12,586,155.25	50,061,432.51
TNB	15,000,000	10.0	12,586,155.25	50,061,432.51
LTAT	7,500,000	5.0	6,293,077.63	25,030,716.27
Maybank	7,500,000	5.0	6,293,077.63	25,030,716.27
Public Bank	7,500,000	5.0	6,293,077.63	25,030,716.27
RHB Bank	7,500,000	5.0	6,293,077.63	25,030,716.27
Total	**120,000,000**	**80.0**	**100,689,242.02**	**400,491,460.14**

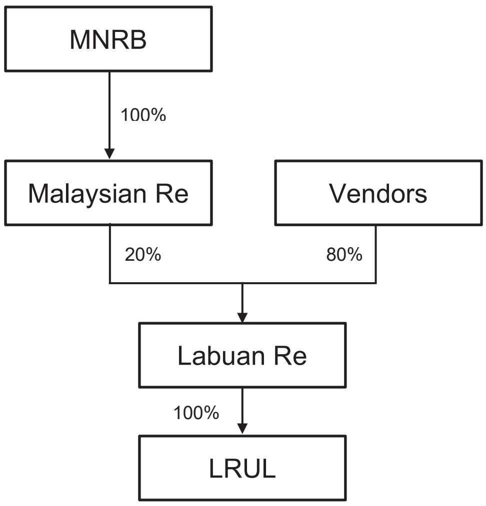
Note:

(1) The Initial Consideration will be satisfied by our Company in RM based on the pre-determined exchange rate of USD1.00 : RM3.9775 as published on BNM's website at 12:00 p.m. on 18 May 2026, in accordance with the terms of the SPA.

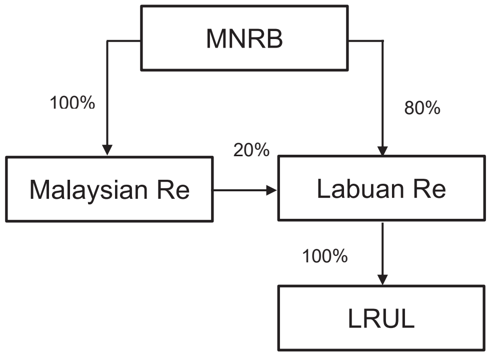
The Sale Shares will be acquired by our Company free from all encumbrances and together with all rights, benefits and entitlements attaching to them as at the Completion (including the right to receive all dividends or distributions declared, made or paid on or after the Completion Date in accordance with the SPA).

The shareholding structure of Labuan Re before and after the Proposed Acquisition is as follows:

Before the Proposed Acquisition



After the Proposed Acquisition



2.1 Background of Labuan Re

Labuan Re was incorporated on 14 September 1992 in the Federal Territory of Labuan, Malaysia as a private limited company under the Offshore Companies Act 1990 (now known as the LCA) under the name of Malaysian-Re International Insurance (L) Ltd. Labuan Re changed to its current name on 20 February 1997. Labuan Re commenced its business operations in December 1992 after obtaining a license from the MOF, Malaysia on 28 September 1992 to carry on reinsurance business in or from the Federal Territory of Labuan, Malaysia pursuant to the Offshore Insurance Act 1990 (now known as the LFSSA). Labuan Re is regulated by Labuan FSA.

The principal activity of Labuan Re is the underwriting of all classes of general reinsurance and general retakaful business as at the LPD.

Based on Labuan Re's audited consolidated financial statements for the FYE 31 December 2025, Labuan Re recorded a PAT of USD34.92 million (^equivalent to RM149.00 million) and NA of USD189.54 million (#equivalent to RM769.72 million).

Note:

^ *Based on MFRS 121, the PAT of Labuan Re for FYE 31 December 2025 has been translated at an average month-end exchange rate of each of the 12-month published on BNM's website for the FYE 31 December 2025 at USD1.00 : RM4.2668.*

Based on MFRS 121, the NA of Labuan Re as at 31 December 2025 has been translated at the closing exchange rate on 31 December 2025 published on BNM's website at USD1.00 : RM4.0610.

Further information on Labuan Re is set out in **Appendix I** of this Circular.

2.2 Salient terms of the SPA

The Proposed Acquisition is subject to the terms of the SPA. The salient terms of the SPA are set out in **Appendix II** of this Circular.

2.3 Information on the Vendors

The information on the respective Vendors is set out in **Appendix III** of this Circular.

2.4 Basis and justification of arriving at the Initial Consideration

The Initial Consideration for the Proposed Acquisition was arrived at on a "willing-buyer willing-seller" basis, after taking into consideration the following:

(i) 80% share of Labuan Re's Adjusted TNAV as at 31 December 2024 of USD114.62 million which had been audited based on MFRS 4;

(ii) precedent transactions in recent years based on their P/TNAV, which are set out in Section 2.4.1 of Part A of this Circular;

(iii) trading multiples of comparable companies ("**Peer Analysis**"), which are set out in Section 2.4.2 of Part A of this Circular; and

(iv) the rationale for the Proposed Acquisition which is set out in Section 3 of Part A of this Circular.

Based on Labuan Re's Adjusted TNAV as at 31 December 2024, the Initial Consideration represents a P/TNAV of 0.88 times as follows:

		USD'000
Labuan Re's NA as at 31 December 2024, which has been audited based on MFRS 4(1)		156,864
Less: Intangible assets		(4,594)
Labuan Re's TNAV as at 31 December 2024, which has been audited based on MFRS 4(1)	**(A)**	152,270
Less: Dividend 2024	**(B)**	(9,000)
Adjusted TNAV of Labuan Re	**(C)**	143,270
Percentage of Sale Shares to be acquired		80%
80% share of Adjusted TNAV of Labuan Re as at 31 December 2024	**(D)** = (C) X 80%	114,616
Initial Consideration	**(E)**	100,689
P/TNAV (times)	(E) / (D)	**0.88**

Note:

(1) The NA and TNAV of Labuan Re as at 31 December 2024 of USD156.86 million and USD152.27 million respectively are based on the audited management accounts of Labuan Re for the FYE 31 December 2024 using MFRS 4, which has been adopted by MNRB and the Vendors for negotiation purposes, taking into consideration the precedent M&A transactions that were undertaken based on MFRS 4 or the equivalent international financial reporting standards.

For information purposes, MFRS 17 came into effect from 1 January 2023 to replace MFRS 4. The precedent transactions as set out in Section 2.4.1 of Part A of this Circular were announced between 31 March 2015 to 22 May 2023, where their latest audited financial information available would be before the effective date of MFRS 17 or the equivalent international financial reporting standards.

The differences between MFRS 4 and MFRS 17, among others, are different methods in measuring the value of insurance contracts including the recognition of the contractual service margin, deferred profit recognition over the coverage period, and revised treatment of insurance acquisition cash flows. The respective adoption of MFRS 4 and MFRS 17 will result in timing differences and pattern of revenue and profit recognition between the two standards but is not expected to affect the underlying economics of the business.

2.4.1 Precedent Transactions

In arriving at the Initial Consideration for the Proposed Acquisition, our Board has considered, to the extent publicly available, financial information and transaction multiples of precedent M&A transactions relating to the selected precedent public M&A transactions involving companies in the reinsurance sector globally that in our Board's judgement, are relevant for its consideration between the period from 2015 to the date before MFRS 17 or the equivalent international financial reporting standards came into effect on 1 January 2023 ("**Precedent Transactions**").

The Precedent Transactions as set out below were announced between 31 March 2015 and 22 May 2023, where their latest audited financial information available would be before the effective date of MFRS 17 or the equivalent international financial reporting standards:

Name of target company	Acquirer	Initial announcement date	(1)Estimated equity value (USD' million)	P/TNAV (times)
Montpelier Re Holdings Ltd	Endurance Specialty Holdings Ltd	31 March 2015	1,830	1.21
Sirius International Insurance Group Ltd	China Minsheng Investments Corp	27 July 2015	2,235	1.27
PartnerRe Ltd	EXOR S.p.A	3 August 2015	6,899	1.28
Endurance Specialty Holdings Ltd	Sompo Japan Nipponkoa Insurance Inc	5 October 2016	6,304	(2)1.36
Allied World Assurance Company Holdings, AG	Fairfax Financing Holdings Limited	18 December 2016	4,731	1.57
Validus Holdings Ltd	American International Group Inc	22 January 2018	5,535	1.77
Aspen Insurance Holdings Ltd	Apollo Global Management Inc	28 August 2018	2,552	1.13
EMC Insurance Group Inc	Employers Mutual Casualty Co	9 May 2019	356	1.27
Singapore Reinsurance Corporation Limited	Fairfax Asia Ltd	19 March 2021	(3)113	(2)0.79
TQR PCL	TQM Alpha PCL	8 March 2022	(4)15	2.56
Argo Group International Holdings Ltd	Brookfield Reinsurance Ltd	8 February 2023	1,053	1.02
Validus Reinsurance Ltd	RenaissanceRe Holdings Ltd	22 May 2023	2,985	1.42
Low				0.79
Average				1.40
Median				1.28
High				2.56

(Source: Publicly available information as disseminated by the respective companies)

Note:

(1) Represents the purchase consideration received by the common shareholders of the target company.

(2) The ratio reviewed by our Board is based on PBR as the P/TNAV is not available.

(3) Based on the exchange rate of USD1.00 : Singapore Dollar (SGD) 1.3440 on 19 March 2021 as extracted from Monetary Authority of Singapore's website.

(4) Based on the exchange rate of USD1.00 : Thai Baht (THB) 33.2526 on 8 March 2022 as extracted from Bank of Thailand's website.

The Initial Consideration, which represents 0.88 times of the Adjusted TNAV as at 31 December 2024, is at the lower-end range of the Precedent Transactions' P/TNAV of 0.79 times to 2.56 times and is below the median P/TNAV of the Precedent Transactions of 1.28 times.

In addition, the Proposed Acquisition is being transacted at a discount to Labuan Re's book value, which will result in a negative goodwill, also referred to as a "bargain purchase". Please refer to Sections 6.2 and 6.3 of Part A of the Circular for further information on the effects of the Proposed Acquisition on the NA and earnings of our Group.

2.4.2 Peer Analysis

In addition to the transaction multiples of the Precedent Transactions, our Board also considered the prevailing trading multiples of selected reinsurance companies as the secondary check method for the implied valuation of the Initial Consideration. The asset-based valuation approach using PBR is deemed an appropriate valuation methodology as Labuan Re's business model is predominantly asset-intensive, comprising:

	Asset	**% to the total audited assets as at 31 December 2024**
(i)	Reinsurance contract assets	13.75%
(ii)	Investment portfolio held in equities, bonds, unit trusts and other financial instruments	58.33%
(iii)	Net assets arising from participating in Lloyd's syndicates	5.88%
(iv)	Cash and cash equivalents	11.52%
(v)	Others which comprise property and equipment, right-of-use assets, intangible assets and other receivables	10.52%
Total		**100.00%**

The PBR illustrates the comparison between a company's share price or market value and the book value of the company's total shareholders' equity as indicated on its balance sheet.

Companies principally involved in the reinsurance business were selected based on the following selection criteria for comparison purposes:

(i) listed on stock exchanges in the Asia Pacific region*;

(ii) 50% revenue contribution generated from reinsurance in their latest audited financial year;

(iii) profitable in their latest audited financial year; and

(iv) having audited NA of between RM200 million and RM1.0 billion as at their latest audited financial year, after taking into consideration the audited NA of Labuan Re as at 31 December 2024 of USD197.54 million (or [#]RM884.09 million),

Note:

* *Our Board has not considered Malaysian Re for comparison purposes despite it being involved in the reinsurance business as Malaysian Re is not listed on any stock exchange and part of the business of Malaysian Re is contributed by its 20% equity interest in Labuan Re.*

\# *Based on MFRS 121, the NA of Labuan Re as at 31 December 2024 has been translated at the closing exchange rate on 31 December 2024 published on BNM's website at USD1.00 : RM4.4755.*

(Referred to as the "**Peer Companies**").

The list of Peer Companies is not exhaustive and may not be directly comparable to Labuan Re in terms of accounting policies and standards, as well as the operating environments, business models and/or tax treatments. Further, the Peer Companies may also differ in terms of the composition of business activities, profit track record, financial profile, risk profile, prospects, geographical area, scale of operations, future prospects, capital structure, marketability of their securities and other criteria.

In comparing the PBR of the Peer Companies, our Board has considered the implied PBR of the Proposed Acquisition based on the NA value derived using MFRS 4 as the Peer Companies have yet to adopt IFRS 17, or the equivalent accounting standards.

The implied PBR of Labuan Re against the PBR of the Peer Companies are as follows:

Peer Company	Listing stock exchange	Principal activities	(1)Market capitalisation (RM' million)	(2)PBR (times)	(3)Adjusted PBR (times)
Vietnam National Reinsurance(4)	Hanoi Stock Exchange	Vietnam National Reinsurance provides insurance and re-insurance consulting services, and offers loans and makes investments, serving customers in Vietnam.	627	0.99	0.63
Hanoi Reinsurance(4)	Hanoi Stock Exchange	Hanoi Reinsurance operates as an insurance company offering re-insurance services, serving customers in Vietnam.	381	1.52	1.03
National Reinsurance Corporation(5)	Philippine Stock Exchange	National Reinsurance Corporation operates as a reinsurance company providing life and non-life re-insurance capacity, as well as consultancy, technical and advisory services to direct insurers, and know-how transfer in underwriting, product development, pricing, retention setting and reinsurance program analysis.	96	0.20	0.17

Peer Company	Listing stock exchange	Principal activities	(1)Market capitalisation (RM' million)	(2)PBR (times)	(3)Adjusted PBR (times)
Pakistan Reinsurance Company(6)	Pakistan Stock Exchange	Pakistan Reinsurance Company offers reinsurance and risk management services in Pakistan.	210	0.61	0.19
			High	1.52	1.03
			Median	0.80	0.41
			Low	0.20	0.17
Implied PBR based on the Initial Consideration for 80% equity interest in Labuan Re(7)					0.85

(Source: Bloomberg and latest publicly available annual reports of the respective Peer Companies as at the Announcement LPD)

Note:

(1) The market capitalisation of each Peer Company is derived from the closing share price of the respective Peer Companies multiplied by its number of shares outstanding as at the Announcement LPD, and has been converted into RM equivalent based on the closing exchange rate published on BNM's website as at the Announcement LPD:
(i) PHP100 : RM6.4593,
(ii) VND100 : RM0.0151,
(iii) IDR100 : RM0.0229; and
(iv) PKR100 : RM1.4250.

(2) The PBR of each Peer Company was computed based on the NA of the Peer Companies per their respective latest publicly available annual reports as at the Announcement LPD.

(3) After adjustments to the PBR of the respective Peer Companies listed on foreign stock exchanges taking into account differences such as market conditions and risk profiles to ensure that the PBR are comparable across the Peer Companies in different countries.

The PBR of the Peer Companies are adjusted by multiplying the PBR by the Peer Companies' adjustment factor.

The adjustment factor is derived using CAPM as follows:

Cost of equity = Risk-free rate + (Beta x (Market return – Risk-free rate))

Step 1, the cost of equity of the Peer Companies is computed using the rate of return based on the Peer Companies' beta, risk-free rate and market risk premium of their home countries.

Step 2, the cost of equity of the Peer Companies is then regressed using Malaysian beta, Malaysian risk-free rate and Malaysian market risk premium.

The outcomes of Step 1 and Step 2 above are then used to arrive at the adjustment factor as set out below:

Computation	*Cost of equity of the respective Peer Companies# (a)*	*Malaysian cost of equity of the respective Peer Companies# (b)*	*Adjustment factor (times) (b) / (a)*
Vietnam National Reinsurance	*10.65%*	*6.79%*	*0.64*
Hanoi Reinsurance	*7.86%*	*5.35%*	*0.68*
National Reinsurance Corporation	*9.34%*	*7.85%*	*0.84*
Pakistan Reinsurance Company	*18.15%*	*5.51%*	*0.30*

#	*The cost of equity is derived from the application of CAPM formula for the respective Peer Companies. The risk-free rate, market return rate and beta of the respective Peer Companies are extracted from Bloomberg.*

The risk-free rate for Vietnam was based on the latest tender yield for 10 years government bond on 28 April 2026, being the latest tender result before the Announcement LPD, as extracted from https://vbma.org.vn/en/activities/ket-qua-dau-thau-trai-phieu-chinh-phu-ngay-28-4-2026.

The equity risk premium for Vietnam is extracted from the Country Default Spreads and Risk Premiums published by Aswath Damodaran at https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html.

(4) Vietnamese reinsurance companies currently adopt VAS 19, which is a local accounting standard equivalent to MFRS 4. The adoption of the relevant VAS equivalent to IFRS 17 is scheduled to take effect in 2026.

(5) National Reinsurance Corporation is scheduled to adopt the Philippines Financial Reporting Standard 17, which is a local accounting standard equivalent to IFRS 17 in 2027.

(6) Pakistan Reinsurance Company is only required to comply with IFRS 17 for the financial years commencing on or after 1 January 2026.

(7) The implied PBR of Labuan Re is computed based on Labuan Re's NA as at 31 December 2024 restated using MFRS 4 as the Peer Companies have not adopted IFRS 17. The Implied PBR of Labuan Re based on the Initial Consideration is computed as follows:

		Audited as at 31 December 2024 (USD'000)
NA of Labuan Re (restated based on MFRS 4)	***(A)***	*156,864*
Less: Dividend 2024		*(9,000)*
NA of Labuan Re after adjusting for the Dividend 2024	***(B)***	*147,864*
Equity interest in Labuan Re to be acquired by MNRB pursuant to the Proposed Acquisition	***(C)***	*80%*
NA of Labuan Re attributable to the Proposed Acquisition	***(D)** = (B) x (C)*	*118,291*
Initial Consideration	***(E)***	*100,689*
Implied PBR	***(F)** = (E) / (D)*	*0.85*

The implied PBR based on the Initial Consideration of 0.85 times is:

(a) **Peer Companies' PBR** – within the range of the Peer Companies' PBRs of 0.20 times to 1.52 times, and is above the median PBR of the Peer Companies of 0.80 times; and

(b) **Peer Companies' Adjusted PBR** - within the range of the Peer Companies' Adjusted PBRs of 0.17 times to 1.03 times, and is above the median Adjusted PBR of the Peer Companies of 0.41 times.

Our Board takes cognisance that the implied PBR based on the Initial Consideration of 0.85 times is above the median Adjusted PBR of the Peer Companies of 0.41 times but is justifiable as MNRB is acquiring a controlling stake of Labuan Re. Labuan Re will become a wholly-owned subsidiary of MNRB where MNRB will be able to recognise and consolidate Labuan Re's future results and steer the business direction of Labuan Re as part of the MNRB Group after the Completion.

Based on the NA of Labuan Re of USD185.15 million as at 31 December 2025 (audited based on MFRS 4), the implied PBR based on the Initial Consideration is 0.68 times which demonstrates an improvement of financial position of Labuan Re from FYE 31 December 2024 to FYE 31 December 2025.

2.5 Liabilities to be assumed

Save for the obligations, indemnities and warranties arising from the SPA, there are no other liabilities, including contingent liabilities and/or guarantees, to be assumed by MNRB pursuant to the Proposed Acquisition.

2.6 Source of funding

The Proposed Acquisition is expected to be funded as follows:

		RM'000	% of the Initial Consideration
(i)	Cash*	150,491	37.6%
(ii)	Borrowings via issuance of commercial papers**	250,000	62.4%
	Total	**400,491**	**100.0%**

Note:

* *To be funded via internally generated funds. Based on our latest audited financial statements for the FYE 31 March 2026, our Group has cash and cash equivalents of approximately RM154.91 million comprising cash and bank balances of RM68.11 million and RM86.80 million, in the form of fixed and call deposits with licensed financial institutions respectively.*

** *To be funded via the issuance of commercial papers of RM250.0 million under a proposed RM500.0 million commercial papers programme. In the event of a shortfall in the amount expected to be raised upon the issuance of commercial papers, the shortfall will be funded via internally generated funds.*

As part of our Company's treasury funding strategy, the issuance of commercial papers is intended to bridge a short-term liquidity need arising from the Proposed Acquisition.

Our Board had considered the short-term nature of the funding requirement for the Proposed Acquisition, overall funding cost and flexibility for repayment, whereby the issuance of RM250.0 million commercial papers represent the most appropriate and cost-effective funding solution compared to alternative funding options. The proposed commercial paper issuance preserves our Company's strategic financial flexibility by not utilising existing banking facilities and avoids dilution to the equity interests of existing shareholders if the Proposed Acquisition is funded through equity fund raising.

Additionally, upon the completion of the Proposed Acquisition, our Group's capital adequacy ratio would remain above our Group's individual target capital level under BNM's Guidelines on Insurance Capital Adequacy Framework. Accordingly, additional capital via equity fund raising does not align with our Company's short-term funding requirement.

The commercial paper programme is subject to finalisation of its terms and broadly are summarised as follows:

Relevant authorities involved	Information and documents shall be lodged with the Securities Commission Malaysia ("**SC**") pursuant to the requirements under SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework prior to the establishment of the commercial papers programme.
Tenure/maturity date	The commercial papers programme will have a programme tenure of 7 years. The proposed RM250.0 million commercial papers issuance from the said programme is expected to have an issue tenure of 12 months.

Indicative rate and frequency of payment	Commercial papers are issued at a discount to their face value and redeemed at par upon maturity. Accordingly, the financing cost is effectively deducted upfront from the issuance proceeds, and no periodic coupon payments are made during the tenure. The discount rate is subject to the credit rating of the commercial papers, prevailing market conditions and investor demand at the point of issuance. The indicative rate is approximately 3.8% per annum.
Profile of target investors	The target investors will only be identified closer to the issuance date upon completion of the marketing process, which has yet to commence at this juncture. Our Company envisages that the investors may comprise domestic institutional investors such as financial institutions, asset managers and/or other institutional investors seeking short-term fixed-income investments.

2.7 Mode of payment

The cash consideration for the Proposed Acquisition shall be satisfied in the following manner:

Payment terms	Timing of payment	USD'000	(3)Amount payable RM'000
Deposit(1)	Upon execution of the SPA	5,034	20,023
Balance Final Consideration(2)	On Completion Date	95,655	380,468
Total		**100,689**	**400,491**

Note:

(1) The Deposit was paid to the Vendors on 21 May 2026.

*(2) Balance Final Consideration = Final Consideration **less** Deposit*

*Final Consideration = Initial Consideration **less** Any distributions paid by Labuan Re after the account date of 31 December 2024 and before the Completion Date, excluding the Dividend 2024**

** Labuan Re has not declared any distributions in respect of the FYE 31 December 2025 and/or any interim distribution for the period subsequent to the FYE 31 December 2025 and up to the LPD.*

(3) The amount payable will be satisfied by our Company in RM based on the pre-determined exchange rate of USD1.00 : RM3.9775 as published on BNM's website at 12:00 p.m. on 18 May 2026 in accordance with the terms of the SPA.

2.8 Additional funding commitment required

Save for the Final Consideration, there is no financial commitment required to put the operations of Labuan Re on-stream as it is already in operation and generating income and cash flow.

2.9 Original cost and date of investment by the Vendors

The aggregate original cost of investment by the Vendors in Labuan Re are as follows:

Vendors	No. of Labuan Re Shares	Amount (USD)
CIMB Bank	15,000,000	15,000,000
HICOM	15,000,000	15,000,000
MISC	15,000,000	15,000,000
PETRONAS	15,000,000	15,000,000
Telekom	15,000,000	15,000,000
TNB	15,000,000	15,000,000
LTAT	7,500,000	7,500,000
Maybank	7,500,000	7,500,000
Public Bank	7,500,000	7,500,000
RHB Bank	7,500,000	7,500,000
Total	**120,000,000**	**120,000,000**

Please refer to **Appendix III** of this Circular for a breakdown of the respective Vendors' original cost and dates of investments in Labuan Re.

3. RATIONALE FOR THE PROPOSED ACQUISITION

Malaysia continues to present a supportive environment for investment and M&A activities, underpinned by resilient economic growth, stable macroeconomic conditions, and improving investor confidence. The insurance sector continues to offer attractive defensive characteristics, supported by recurring cash flows, investment income generation, and strong capital positions. Sector valuations remain relatively compelling compared to broader market growth sectors, particularly given the industry's ability to compound earnings through underwriting income, investment returns, and embedded value growth over time. For reinsurers, the outlook is further strengthened by increasing demand for capital relief, catastrophe protection, and cross-border risk transfer solutions.

Thus, the Proposed Acquisition represents a strategic opportunity for our Company to strengthen our position as a regionally competitive reinsurance and retakaful group, leveraging on Labuan Re's established offshore platform and international client base. This supports our Company's long-term strategy to expand our regional and global footprint while reinforcing our position as a Malaysian-owned reinsurer with regional relevance. Through the Proposed Acquisition, our Company is expected to increase the market share of our reinsurance business as Labuan Re offers a comprehensive and diverse range of reinsurance solutions across conventional reinsurance, retakaful and Lloyd's participations. The Proposed Acquisition will enhance our Company's international presence by consolidating our Company's position as the sole shareholder of Labuan Re.

Being a predominantly underserved market, the insurance and takaful penetration rates in Malaysia remain at 4% to 5% of GDP which is below the penetration rates of other more developed regional markets such as Singapore (8% to 10%), Japan (7% to 8%) and South Korea (10% to 11%) *(Source: Global Insurance Market Trends 2025 Report, Organisation for Economic Co-operation and Development)*. This provides room for long-term expansion driven by increases in household income, improvement in financial literacy and awareness, and higher protection needs. At the same time, the insurance sector stands to benefit from expanding sectors such as logistics, renewable energy, manufacturing, and data centres which create additional demand for insurance and reinsurance protection. The Proposed Acquisition is aligned with the national agenda to strengthen Malaysia's position as a regional insurance and reinsurance hub, including the development of Labuan as an internationally recognised offshore financial centre. This enables our Company to support the growth of Malaysian-owned reinsurance capacity while contributing to foreign currency inflows and enhancing the resilience of the domestic financial ecosystem.

The Proposed Acquisition also facilitates geographic diversification, reducing concentration risk to the domestic market, while advancing our Company's transformation into a focused reinsurance and retakaful group.

The Proposed Acquisition provides a scalable, capital-efficient and internationally recognised platform to accelerate our Group's transformation roadmap. As Labuan Re operates in a tax efficient jurisdiction, the Proposed Acquisition enables a more optimised deployment of capital across our Group's portfolios.

Further, the Proposed Acquisition is expected to achieve synergies through the complementary strengths of our Group and Labuan Re, which may enhance the overall profile of our Company, including:

(i) improved efficiencies and sharing of best practices in support functions and group-level governance, risk management and operational oversight;

(ii) opportunity to effectively cross-sell and provide customisable structured reinsurance solutions to cedents to address their risk management and capital management needs; and

(iii) enabling Labuan Re to leverage on our Group's financial strength to increase the scale of its underwriting activities as a subsidiary of our Company after the Proposed Acquisition, which is expected to contribute positively to the future earnings of our Group, as compared to Labuan Re being a 20% associated company of our Group currently.

The Proposed Acquisition is also being transacted at a discount to Labuan Re's book value, which will result in a negative goodwill. The negative goodwill, subject to completion-date fair value assessment and purchase price allocation exercise, arising from the Proposed Acquisition, also referred to as a "bargain purchase" can immediately be recognised as a gain on acquisition and hence, is expected to be immediately earnings accretive to our Company.

As at the LPD, our Company indirectly owns a 20% equity interest in Labuan Re through Malaysian Re, a wholly-owned subsidiary of our Company. The Proposed Acquisition will enable our Company to fully consolidate Labuan Re's financial results upon our Company obtaining control of Labuan Re after the Proposed Acquisition.

Based on Labuan Re's audited consolidated financial statements for the FYE 31 December 2025, Labuan Re recorded an audited insurance/takaful contract revenue of USD183.84 million (^equivalent to RM784.41 million), net investment income of USD39.11 million (^equivalent to RM166.87 million) and PAT of USD34.92 million (^equivalent to RM149.00 million). Thus, the consolidation of the financial results of Labuan Re is expected to improve the overall financial performance of our Group.

Note:

^ *Based on MFRS 121, Labuan Re's insurance/takaful contract revenue, net investment income and PAT for FYE 31 December 2025 have been translated at an average month-end exchange rate of each of the 12 months published on BNM's website for the FYE 31 December 2025 at USD1.00 : RM4.2668.*

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4. OVERVIEW, OUTLOOK AND PROSPECT

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy remained resilient, recording a growth in real GDP of 5.4% (4Q 2025: 6.2%). The growth of Malaysia's economy in the first quarter of 2026 was supported by several factors such as the continued growth in household spending supported by firm labour market conditions and ongoing policy support, the resilient private investment underpinned by robust spending on structures, machinery and equipment, particularly for data centres as well as the export growth remaining firm driven by high demand for E&E products as well as travel and information and communication technology (ICT) services.

The continued expansion in domestic demand was driven by the private sector with private consumption and private investment remaining stable at 4.7% (4Q 2025: 5.6%) and 7.8% (4Q 2025: 9.2%), respectively while public consumption and public investment maintained at 4.1% (4Q 2025: 6.6%) and 5.3% (4Q 2025: 9.5%), respectively. On the supply side, the Malaysian economy was supported by annual growth in the services sectors, manufacturing sectors and construction sectors at 5.6% (4Q 2025:6.2%), 5.9% (4Q 2025:6.0%) and 7.7% (4Q 2025: 10.9%) respectively. The agriculture sector and mining sector reported annual changes of 2.6% (4Q 2025: 5.7%) and -2.1% (4Q 2025: 1.4%) respectively.

Malaysia's headline inflation rose to 1.6% (4Q 2025: 1.3%), reflecting some initial pass-through of higher global cost pressures, partly from the Middle East conflict. Electricity charges and fuel prices increased during the first quarter of 2026, which led to slower declines in electricity and fuel inflation. These upward pressures were partly offset by lower core inflation, which moderated to 2.1% (4Q 2025: 2.3%), mainly driven by lower inflation in food away from home and rental. Underpinned by solid domestic fundamentals, the ringgit appreciated despite escalations in geopolitical tensions and reduced expectations for policy rate cuts by the US Federal Reserve. As at 13 May 2026, the ringgit's year-to-date nominal effective exchange rate (NEER) appreciated by 2.9% against currencies of Malaysia's major trading partners and appreciated by 3.3% against the US dollar.

The growth projection of the Malaysian economy for 2026 is expected to be within the range of 4% − 5%, supported primarily by continued domestic demand and exports. The Malaysian economy outlook, however, is subject to uncertainties stemming from heightened global developments. The downside risks to the growth outlook of the domestic economy include the prolonged Middle East conflict, potential economic slowdown in key trading partners, higher cost of living as well as lower-than-expected commodity production. Additionally, the upside risks to Malaysia's growth outlook could arise from a better global growth outlook, increased inbound tourism as well as trade and investment diversion.

Headline inflation is projected to average within 1.5%–2.5% in 2026 and may trend closer to the upper end of the range. Following the Middle East conflict, higher global prices for energy and other key commodities are causing inflation to edge higher. Global commodity shocks affect domestic inflation directly via higher prices of imported consumer goods and energy related components linked to global benchmarks and indirectly through higher input costs that pass through domestic production chains before reaching final prices. The existing policy measures, such as targeted fuel subsidies, are expected to help limit near-term spillovers to broader inflation.

(Source: BNM Quarterly Bulletin 1Q 2026)

4.2 Overview and outlook of the global economy

Despite facing considerable external uncertainties, global economic activity was stronger than expected in 2025 as global real GDP remained steady at 3.4% (2024: 3.3%) even as rising trade barriers and heightened policy uncertainty posed risks to the outlook. Growth in the US was supported by steady domestic demand, while the euro area continued its growth recovery as inflation moderated and monetary policy remained accommodative, although fiscal constraints and political uncertainties weighed on the pace of expansion. In China, frontloading of exports due to tariff concerns and targeted policy support helped to sustain growth, ensuring that the authorities' 2025 growth targets were met, despite ongoing weakness in the property sector and subdued consumer sentiment. Notably, global trade outperformed expectations with global trade growth at 4.2% (2024: 3.6%) as successful negotiations, product-specific exemptions and frontloading of shipments helped ease the impact of initial tariff developments. Strong technology-related demand, particularly the boom in AI related investments, lifted trade activity even as the earlier support from frontloading waned.

Global headline inflation moderated in 2025, supported by improving commodity supply conditions, the absence of excessive demand pressures and lower imported inflation as many currencies strengthened against the USD. Disinflation became more pronounced towards the second half of 2025 across most economies, reinforcing the downward global inflation trend. In the US however, earlier disinflation proved short-lived, as tariff pass-through effects became gradually more evident as 2025 progressed, particularly for durable goods.

Global financial conditions eased in 2025, supported by more accommodative monetary policy across major central banks, despite episodic volatility arising from uncertainty over US trade measures and shifting expectations about the global monetary policy rate path. Financial market sentiments weakened in early 2025 following sweeping US tariff announcements. This triggered a broad sell-off in risk assets, a weaker USD, and portfolio rebalancing towards alternative safe-haven assets. The subsequent tariff pauses and progress in trade negotiations helped stabilise markets, prompting a rebound in risk-taking activity. Towards the later part of 2025, synchronous monetary policy easing by major central banks reinforced the global shift towards more accommodative financial conditions. Against this backdrop, emerging markets experienced portfolio inflows alongside currency appreciation.

(Source: Economic and Monetary Review 2025 – Outlook and Policy in 2026, BNM)

The growth of the global economy is expected to expand at a more moderate pace in 2026. Headwinds from the conflict in the Middle East are expected to weigh on growth. Nevertheless, growth will continue to be supported by robust investment in technology and digitalisation, as well as supportive fiscal policies.

However, global trade growth is projected to trend lower, partly reflecting the high base effect in 2025 driven by frontloaded shipments and robust AI-related demand. The ongoing Middle East conflict is also expected to disrupt supply chains, keeping global trade growth below its historical average. This slowdown will be partly cushioned by sustained demand for E&E products, especially AI-related components, alongside structural drivers such as rising digitalisation.

Overall, risks to the global growth outlook are tilted to the downside from previous expectations following the escalation of the Middle East conflict. Downside risks to global growth could arise from a prolonged and more disruptive Middle East conflict that could further push up commodity prices, as well as potentially higher and more product-specific tariffs. Additionally, there are continued concerns over the elevated valuations in financial markets. Upside risks to global growth would stem from stronger tech spending, milder tariff impact as well as larger policy support in major economies.

(Source: BNM Quarterly Bulletin 1Q 2026)

4.3 Overview and prospects of the insurance industry in Malaysia

The insurance and takaful sector remained resilient, supported by strong capital and liquidity positions. The aggregate capital adequacy ratio for the industry remained healthy at 225% in the second half of 2025 (June 2025: 223%), well above the regulatory minimum of 130%. Accordingly, aggregate capital buffers in excess of regulatory requirements also remained sound at RM43.8 billion (June 2025: RM41.8 billion).

The overall profitability of life insurance and family takaful funds, as measured by excess income over outgo (EIOO), declined slightly to RM4.6 billion in the second half of 2025 (1H 2025: RM4.8 billion). Higher net unrealised gains from the recovery in the equity market were more than offset by a sharper increase in net underwriting losses, which rose to RM3.6 billion (1H 2025: RM0.9 billion; 2H 2024: RM3.2 billion). The increase in net underwriting losses was partly driven by seasonal factors such as lower premiums from the renewal of group policies, which typically occur in the first half of the year. Additionally, premium income continued to be affected by the interim measures implemented by the insurance and takaful industry to assist individuals who experienced premium revisions of their MHIT policies / certificates. The net underwriting losses were further compounded by higher medical payouts amounting to RM6.5 billion (1H 2025: RM5.7 billion; 2H 2024: RM6.2 billion) due to a rise in hospital admissions. Compared to the earlier half of 2025, hospital admissions rose across both individual and group medical policies following a spike in respiratory diseases such as influenza. A higher incidence of serious medical conditions and surgical procedures also contributed to the overall increase in medical utilisation.

New business premium in the second half of 2025 grew by 1.6% year-on-year (2H 2024: 4.6%; 2H 2023: 6.8%). This was attributed to slower growth in new business premium for investment-linked products. Sales of investment-linked products with MHIT riders continued to be weighed down by adverse sentiments surrounding them. Interest in investment-linked products also declined, reflecting weaker appetite for investments amid financial market uncertainties and competition from alternative savings products. Notwithstanding these pressures, overall new business premium remained supported by steady contributions from the non-participating life insurance and ordinary family takaful segments.

Operating profits of ITOs in the general insurance and takaful sector remained stable at RM1.9 billion in the second half of 2025 (1H 2025: RM1.9 billion; 2H 2024: RM1.9 billion). Despite softer bond investment performance, overall profitability was sustained by steady net underwriting income. The marginal increase in underwriting profits was primarily driven by the release of claims reserves, supported by higher third-party bodily injury claims settlements by general ITOs. The industry also recorded growth in motor premiums on the back of higher vehicle sales during the second half of 2025, partly supported by front-loaded demand for completely built-up electric vehicles ahead of the tax holiday expiry in December 2025. Despite the ongoing shift, the motor segment's net claims incurred ratio remained stable in the second half of 2025 at 68% (1H 2025: 70.3%; 2H 2024: 69%).

Looking ahead, the investment performance of ITOs will remain sensitive to financial market conditions amid global economic and policy uncertainties, including those arising from the recent conflict in the Middle East. The conflict could also trigger supply chain disruptions, which may weaken ITOs' underwriting performance by elevating claims costs. While the expansion of data centre infrastructure is driving higher insurance coverage needs, this growth is unfolding against a backdrop of increasing climate risks. More frequent and unpredictable climate events could heighten claims volatility and necessitate more robust risk management and underwriting practices. Meanwhile, growth in new business premium is likely to be affected by ongoing public concerns surrounding MHIT products. Against these pressures, ITOs are actively engaging the RESET Strategy to place MHIT on a more sustainable footing and are developing new product offerings targeted at niche market segments. Notwithstanding these headwinds, ITOs are expected to remain resilient, with capital buffers comfortably above regulatory requirements.

(Source: BNM Financial Stability Review 2H 2025)

4.4 Overview and prospects of the insurance industry in the Federal Territory of Labuan

The global insurance sector entered a moderating phase in 2025 amidst heightened geopolitical and policy uncertainties. Global premium growth eased to about 2%, reflecting slower momentum in both life and general segments, with Asia remaining as key contributor to underlying insurance demands. This is further supported by rising middle-income penetration, health protection needs and infrastructure-related coverage. In Asian markets, insurers also benefited from expanding protection gaps and growing adoption of digital distribution channels. Against this backdrop, insurers are expected to sharpen underwriting discipline, refine risk-based pricing and enhance capital efficiency. Meantime demands for reinsurance and alternative risk transfer solutions are expected to remain firm as insurers optimise balance sheets in an increasingly complex risk environment.

In tandem, regulatory advancements continued, particularly in strengthening risk-based capital and solvency regimes alongside heightened focus on conduct, digital governance, cybersecurity and climate risk management. In addition, international coordination, including initiatives led by the International Association of Insurance Supervisors (IAIS), is further enhancing consistency in cross-border supervision.

There are currently 36 Reinsurers(1) in Labuan consisting of 30 General Reinsurers (9 with Islamic window), 4 Life Reinsurers with Islamic Windows, 1 General Retakaful Operator and 1 Family Retakaful Operator.

The Labuan insurance market outperformed in 2025, delivering expanded top line growth driven by sustained demand for reinsurance and captive solutions. Furthermore, continued liberalisation of Malaysia's insurance market is expected to further enhance Labuan's insurance intermediation and optimise its risk capacity for Asia's insurance demands.

In 2025, total gross premiums and contributions income grew from USD2.3 billion by 5.8% to USD2.5 billion, buoyed by both general insurance and life business' expanded top line. General and life sectors recorded 6.1% and 4.6% growth, respectively. General sector remained the sector's top line driver in 2025, exceeding USD2 billion mark. This is mainly driven by reinsurance and captive segments.

Insurance assets grew strongly to USD6.5 billion in 2025 from USD5.6 billion in 2024, representing a 17.8% increase. The asset increase is mainly driven by higher holdings of financial instruments and fixed deposits, aside from recognition of claims recoverability from reinsurers arising from new financial reporting requirements.

(Source: Labuan FSA Market Report 2025)

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Note:

(1) The general reinsurers operating in Labuan are both regional and international reinsurance groups reflecting the competitive nature of the Labuan reinsurance market. The presence of these global and regional reinsurance groups underscore Labuan's position as a significant reinsurance hub in Asia. Some of these reinsurers are operating in the same segments of Labuan Re and are part of publicly listed groups as follows:

No.	***Name of general reinsurer in Labuan***	***Description***
1	*General Insurance Corporation of India, Labuan Branch*	*An operating branch of General Insurance Corporation of India. The company is listed on Bombay Stock Exchange in India.*
2	*Korean Reinsurance Company, Labuan Branch*	*An operating branch of Korean Reinsurance Company. The company is listed on the Korean Stock Exchange in South Korea.*
3	*SCOR Reinsurance Asia-Pacific Pte Ltd, Labuan Branch*	*An operating branch of SCOR Reinsurance Asia-Pacific Pte Ltd. The company is a subsidiary of SCORE SE which is listed on Euronext Paris in France.*
4	*Swiss Re International SE, Labuan Branch*	*An operating branch of Swiss Re International Se. The company is a subsidiary of Swiss Re AG, a company listed on the SIX Swiss Exchange in Switzerland.*

(Source: Management of MNRB)

4.5 Prospects of Labuan Re

As at the LPD, Labuan Re underwrites all classes of general reinsurance and general retakaful business whilst its wholly-owned subsidiary, LRUL, as a Lloyd's corporate member, invests in Lloyd's syndicates which underwrite both insurance and reinsurance business. Labuan Re generates revenue via three primary income streams comprising:

(i) premiums earned from reinsurance portfolios which operate across conventional and retakaful business;

(ii) participation in Lloyd's syndicates through LRUL; and

(iii) interest and dividend income from investment portfolios.

While global growth remained resilient in 2025, uncertainty surrounding supply chains, commodity prices, and capital flows has increased market volatility and reinforced the importance of diversification and regional resilience. As risks become more complex and regional exposures grow, reinsurance capacity remains strategically important, positioning the sector to benefit from both domestic expansion and increasing regional insurance demand.

Labuan Re has established a strong competitive position as the pioneer and one of the well-established regional general reinsurers operating in the jurisdiction. Labuan Re also operates a retakaful business since 2006, providing an established foundation from which to develop a more differentiated regional retakaful proposition. Through its participation in Lloyd's via LRUL, Labuan Re gains access to specialised underwriting expertise, broader international risk pools and business opportunities. The ability to offer both reinsurance and retakaful solutions, together with its regional underwriting expertise and international market access, strengthens Labuan Re's competitive positioning within the Labuan reinsurance market and support its ability to compete effectively across both segments.

As a general reinsurance and general retakaful operator in the Federal Territory of Labuan, Labuan Re has established itself as a scalable and future-ready platform that would enable our enlarged Group to grow with enhanced capability and to expand our overseas presence after the Proposed Acquisition.

Labuan Re has demonstrated continuing growth driven by the increase in PAT on a year-on-year ("**YoY**") basis in FYE 31 December 2024 (+10.92%) and in FYE 31 December 2025 (+83.76%), which represents a return on equity of 13.50% and 18.43% for the respective years.

	Audited FYE 31 December			
	2023	**2024**	**(1) 2024 Restated Comparative**	**(1) 2025**
	USD'000	**USD'000**	**USD'000**	**USD'000**
PAT	24,039	26,663	19,004	34,922
YoY of PAT (%)		10.92		83.76
Shareholders' funds/ NA	178,255	197,538	164,318	189,535
Return on equity (%)	13.49	13.50	11.57	18.43

Note:

(1) In FYE 31 December 2025, Labuan Re has implemented a voluntary change in the measurement model, transitioning from GMM to PAA. In accordance with MFRS 17 and MFRS 108, this change has been applied retrospectively.

As a testament to Labuan Re's prudent capital management approach, consistent investment returns and improved underwriting performance in recent years, A.M. Best reaffirmed Labuan Re's financial strength rating of A- (Excellent) and issuer credit rating of "a-".

Nevertheless, the financial performance of Labuan Re for the financial year ending 31 December 2026 may be affected by the ongoing geopolitical confrontation involving Iran, the United States of America and Israel that began on 28 February 2026 ("**Middle East Geopolitical Issue**"). Our Company envisages that the impact arising from Labuan Re's reinsurance solutions offered to its cedents is mitigated as the reinsurance solutions underwritten by Labuan Re have war exclusion clauses and Notice of Cancellations for War, Strikes, Riot and Civil Commotion ("**WSRCC**") have been issued to manage exposures prudently.

Notwithstanding the Middle East Geopolitical Issue, the Malaysian economy and global economies are expected to continue to grow in 2026. Our Board (save for the Interested Directors) is of the view that the Proposed Acquisition, which is envisaged to be strategically compelling, delivering value accretion while strengthening our enlarged Group's regional scale, capabilities and national role, may augur well for the growth prospects of our enlarged Group in the future. The Proposed Acquisition would enable our Company to support Malaysia's aspiration to build a leading regional reinsurance and retakaful operator in Asia, promoting Malaysia's profile in the regional and global insurance/takaful ecosystem. This would also strengthen our Company's domestic reinsurance capacity and reinforce national financial resilience.

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It is part of our Group's business strategy to place Labuan Re and Malaysian Re in a position that would optimise our Group's competitive advantage. Our Company does not have any immediate plan to introduce any major changes to the existing businesses of Labuan Re upon Completion, save for the integration of the Labuan Re's business into our Group, including, amongst others, integration of relevant information technology systems, governance frameworks and operating processes. Our Company will also review potential portfolio realignment opportunities between Labuan Re and our Group, where appropriate, to enhance strategic fit, underwriting discipline and capital efficiency, subject to applicable regulatory requirements, business considerations and implementation readiness. Our Company recognises the contributions of Labuan Re's existing management team. Following the Proposed Acquisition and subject to our Company's assessment of resources requirements, our Company intends to leverage on the expertise and experience of Labuan Re's existing key personnel to ensure the continuity of the business operations of Labuan Re while our Company oversees and manages the integration process.

Barring any unforeseen circumstances, our Board (save for the Interested Directors) is of the view that the Proposed Acquisition is expected to contribute positively to the future financial performance of our Group, thereby enhancing the value of our Group for our shareholders.

(Source: Management of MNRB)

5. RISK FACTORS

Our Board does not foresee any other additional material change to the risk profile of our enlarged Group arising from the Proposed Acquisition given the similar business segment of our Group and Labuan Re being involved in the business of underwriting of all classes of general reinsurance business and management of general reinsurance and retakaful businesses. Further, Malaysian Re, a wholly-owned subsidiary of our Company, currently owns a 20% equity interest in Labuan Re. Notwithstanding that, the Proposed Acquisition may expose our Group to certain risks as set out below:

5.1 Operation risk

The Proposed Acquisition is expected to introduce incremental exposure to certain key operational risks including the following:

(i) higher exposure to catastrophe, flood, and property-related perils portfolio risk, as Labuan Re has higher underwriting concentration of these policies;

(ii) higher level of credit risk through Labuan Re's retrocessionaire exposure, reinsurance recoverables, and insurance receivable ageing; and

(iii) higher foreign exchange risk as Labuan Re writes a material proportion of international reinsurance business, with premium inflows, claims outflows, and asset holdings denominated in multiple foreign currencies such as USD, Great Britain Pounds, Euro and selected Asian currencies.

Despite a higher exposure to the above operational risks among others, the Proposed Acquisition does not introduce new or unfamiliar risk types to our Group, and these risks remain fully manageable within our Company's existing capabilities such as actuarial reserving discipline, catastrophe aggregation monitoring, stress-testing frameworks, expected credit loss provisioning, retrocessionaire rating assessments, and monitoring of overdue balances.

5.2 Completion risk

Completion is conditional upon the conditions precedent being fulfilled or waived as set out in Section 1 of **Appendix II** of this Circular, which include conditions that are beyond our Company's control such as the approval of our Company's non-interested shareholders for the Proposed Acquisition. In the event any of the conditions precedent is not fulfilled or waived by the time period stipulated in the SPA and/or extension of time is not agreed upon between the parties and/or the parties are unable to perform their obligations in accordance with the terms of the SPA, the Proposed Acquisition will not be completed and the potential benefits arising from the Proposed Acquisition as disclosed in Section 3 of Part A of this Circular will not materialise.

Nevertheless, our Board will take reasonable measures to ensure that the conditions precedent are fulfilled within the time period stipulated in the SPA to ensure Completion.

Our Board has put in place structured processes to facilitate the fulfilment of the conditions precedent, including the establishment of a dedicated transaction oversight framework supported by defined responsibilities, timelines and monitoring mechanisms. Engagement with relevant stakeholders, including shareholders and regulatory authorities, will be initiated to support the approval process. The SPA also provides for cooperation between the parties to the SPA in relation to the fulfilment of the conditions precedent and includes provisions to address timing considerations, where appropriate. Progress is expected to be monitored on an ongoing basis, with key developments escalated to our senior management and our Board as necessary.

5.3 Contractual risk

Our Company has given warranties and indemnities as set out in the SPA. In this respect, our Company may be subject to claims in accordance with the terms of the SPA for the breach of any warranties given pursuant to the SPA.

Our Board and the management of our Company will endeavour to ensure compliance with its obligations under the SPA to minimise the risk of any breach of the warranties given under the SPA.

5.4 Integration risk

The Proposed Acquisition may potentially expose our Group to risks relating to the integration of Labuan Re's business, including integration efforts across systems, governance frameworks, operating processes and corporate culture. Where Labuan Re's legacy structures, underwriting portfolios or operating practices do not fully align with our Company's operating model, integration friction may arise, which could manifest in disruptions to business-as-usual operations.

Our Company will ensure that the integration is appropriately managed to avoid any adverse impact on the operational performance and existing business relationships of Labuan Re.

5.5 Fair value assessment at Completion

Upon our Company having management control and consolidating Labuan Re's financial results after the Proposed Acquisition, our Company may recognise goodwill or a gain on bargain purchase depending on the fair value assessment at Completion. The goodwill or bargain purchase gain amount, subject to completion-date fair value assessment and purchase price allocation exercise, will depend on the fair value of Labuan Re's identifiable assets (including intangible assets, if any) and liabilities acquired as at the Completion Date. Any subsequent fair value adjustments allocated to the identifiable assets acquired and liabilities assumed as well as the effects of the amortisation of intangible assets, if any, arising from the Proposed Acquisition may materially affect our Company's financial performance.

Additionally, any impairment on the carrying amount of the intangible assets arising from the Proposed Acquisition (if any) as a result of impairment tests may also materially affect our Company's future financial performance. Notwithstanding the foregoing concerns, our Company will continuously monitor the performance and cash flow of Labuan Re to ensure that the goodwill (if any) is supported by the cash flow of the relevant cash generating units at all times.

5.6 Financing risk

Our Company is proposing to partly finance the cash consideration via external borrowings. Furthermore, our Company will also be required to consolidate the existing borrowings of Labuan Re, resulting in higher borrowing levels for our enlarged Group. As illustrated under Section 6.2 of Part A of this Circular, the total borrowings of our Group are expected to increase from RM670 million to RM1,142.53 million following Completion, with our gearing ratio increasing from 0.17 times to 0.28 times which is at acceptable levels.

Our Company will continue to monitor and review our debt portfolio, taking into consideration the gearing level, interest costs as well as cash flows in achieving an optimal capital structure, as well as ensuring compliance with the debt covenants of our financing facilities and regulatory requirements.

5.7 Acquisition risk and synergy realisation risk

Although our Board believes that the Proposed Acquisition is expected to contribute positively to our Group after taking into consideration the rationale and anticipated benefits as disclosed in Section 3 of Part A of this Circular and the proposed funding arrangement in Section 2.6 of Part A of this Circular, there is no assurance that the anticipated benefits of the Proposed Acquisition will be realised in the future or that our Group will be able to generate sufficient returns arising from the Proposed Acquisition to offset the associated acquisition costs incurred in relation to the Proposed Acquisition.

Additionally, our Group's ability to realise the anticipated benefits of the Proposed Acquisition will depend on various factors, including our ability to effectively integrate Labuan Re's operations, align strategic priorities across our enlarged Group, and execute the targeted business model which includes identifying and consolidating certain shared services functions to achieve cost synergies and operational efficiencies as well as portfolio rebalancing initiatives. There can be no assurance that our Group will be able to achieve the intended financial returns, synergies or revenue growth envisaged.

Furthermore, our Group operates in a highly competitive global reinsurance market. Upon Completion, our Company will, inter-alia, increase our exposure to the reinsurance industry. Consequently, our enlarged Group would be exposed to a larger degree of the market conditions within and risks inherent in the ordinary course of business relating to the reinsurance industry, which is subject to evolving geopolitical, macroeconomic and regulatory developments. These include changes in trade dynamics, sanctions regimes, cross-border regulatory requirements, economic conditions (including catastrophe and climate risks) and cybersecurity threats, which may impact market access, pricing adequacy, capital flows and the ability to deploy capacity efficiently. Thus, upon Completion, our enlarged Group, as we expand overseas, may face differing regulatory expectations, legal frameworks and competitive dynamics across jurisdictions, and may not be able to compete effectively or secure business opportunities on commercially acceptable terms or at all. The performance of our Company's share price on the Main Market of Bursa Securities is also closely tied to investors' sentiments and the financial performance of our enlarged Group.

Nevertheless, our Board has exercised due care in considering the potential risks and the benefits associated with the Proposed Acquisition. Our Group intends to adopt a phased integration approach, taking into account business considerations, financial capacity and operational practicality.

Accordingly, our Board, through its oversight role, will closely monitor performance, strategic alignment and execution of the post-acquisition strategy, particularly during the initial years following integration, to ensure that the strategic objectives of the Proposed Acquisition are achieved and that any emerging issues are identified and addressed in a timely manner. Our Company will also perform an updated assessment of the financial position and operations of our Group upon the successful completion of the Proposed Acquisition.

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Issued share capital and substantial shareholders' shareholding

The Proposed Acquisition will not have any effect on the issued share capital of our Company and the shareholdings of the substantial shareholders of our Company as the Proposed Acquisition does not involve any issuance of new MNRB Shares.

6.2 NA, NA per MNRB Share and gearing

Based on the latest audited consolidated statements of financial position of our Company as at 31 March 2026 and on the assumption that the Proposed Acquisition had been effected on that date, the pro forma effects of the Proposed Acquisition on the NA, NA per MNRB Share and gearing of our Company are as follows:

		Pro forma
	Audited as at 31 March 2026 (RM'000)	**(1)After the Proposed Acquisition (RM'000)**
Share capital	738,502	738,502
Foreign exchange translation reserve	(16,345)	(2)-
Fair value reserve	36,895	36,895
Revaluation reserve	67,407	67,407
Retained earnings	3,059,424	(3)(4)3,253,561
Total equity attributable to equity holders of our Company	**3,885,883**	**4,096,365**
No. of MNRB Shares in issue **('000)**	783,088	783,088
NA per MNRB Share **(RM)**	4.96	5.23
Total borrowings **(RM'000)**	670,000	(5)1,142,530
Gearing level **(times)**(6)	0.17	0.28

Note:

(1) The effect of the Proposed Acquisition on NA, NA per MNRB Share and gearing is illustrated based on the closing exchange rate as published on BNM's website of USD1.00 : RM4.0460 as at 31 March 2026 in accordance with MFRS 121.

(2) Represents the reclassification of foreign exchange translation reserve to loss on deemed disposal of our associated company (being the 20% equity interest held indirectly by our Company in Labuan Re).

(3) Including negative goodwill arising from the Proposed Acquisition, also referred to as a "bargain purchase", of RM216.98 million.

(4) After deducting the estimated expenses of RM6.50 million to be incurred in relation to the Proposed Acquisition, comprising professional fees, fees payable to regulatory authorities, stamp duty payable, printing and despatch costs for this Circular, costs to convene the EGM and other incidental expenses relating to the Proposed Acquisition.

(5) After taking into account the issuance of commercial papers of RM250.0 million and the consolidation of Labuan Re's borrowings of USD55.0 million (equivalent to RM222.53 million based on closing exchange rate as published on BNM's website of USD1.00 : RM4.0460 as at 31 March 2026).

(6) Computed based on total borrowings over total equity attributable to equity holders of our Company.

6.3 Earnings and EPS

Assuming that the Proposed Acquisition had been effected at the beginning of the FYE 31 March 2026, the pro forma effects of the Proposed Acquisition on the earnings and EPS of our Group are as follows:

	RM'000
Audited consolidated PAT attributable to the equity holders of our Company for the FYE 31 March 2026	544,675
Add:	
• Share of the consolidated PAT of Labuan Re for the 12-month financial period ended 31 March 2026 based on the 80% equity interest in Labuan Re to be acquired pursuant to the Proposed Acquisition(1)(2)	126,438
• Negative goodwill/ bargain purchase upon Completion	216,984
Less:	
• Loss on deemed disposal of our associated company (being the 20% equity interest held indirectly by our Company in Labuan Re)(3)	(16,345)
• Estimated financing cost arising from the Proposed Acquisition(4)	(9,500)
• Estimated expenses for the Proposed Acquisition(5)	(6,501)
Pro forma consolidated PAT attributable to the equity holders of our Company after the Proposed Acquisition	855,751
No. of MNRB Shares in issue ('000)	783,088
EPS	
• Based on the audited consolidated PAT attributable to the equity holders of our Company for the FYE 31 March 2026 (RM per MNRB Share)	0.70
• Based on the pro forma audited consolidated PAT attributable to the equity holders of our Company after the Proposed Acquisition (RM per MNRB Share)	1.09

Note:

(1) Based on MFRS 121, the effect of the Proposed Acquisition on our Group's earnings and EPS, is illustrated based on an average month-end exchange rate for the 12-month period as published on BNM's website for the FYE 31 March 2026 of USD1.00 : RM4.1428.

(2) Currently, our Company and Labuan Re have different financial year ends, i.e. 31 March and 31 December, respectively.

For the illustration on the pro forma earnings and EPS of our Group for the FYE 31 March 2026, the consolidated PAT of Labuan Re for the 12-month financial period ended 31 March 2026 have been used based on Labuan Re's unaudited management accounts which has been reviewed by the auditors of our Company.

(3) Represents the reclassification of foreign exchange translation reserve to loss on deemed disposal of our associated company (being the 20% equity interest held indirectly by our Company in Labuan Re).

(4) The financing cost for the commercial papers of RM250.0 million to partly fund the Initial Consideration is assumed based on an indicative interest rate of approximately 3.8% per annum.

(5) After deducting the estimated expenses of RM6.50 million to be incurred in relation to the Proposed Acquisition, comprising professional fees, fees payable to regulatory authorities, stamp duty payable, printing and despatch costs for this Circular, cost to convene the EGM and other incidental expenses relating to the Proposed Acquisition.

6.4 Convertible securities

As at the LPD, our Company does not have any convertible securities.

7. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition calculated with reference to the prescribed ratios under Paragraph 10.02(g) of the Listing Requirements is approximately 21.52%, computed based on the audited net profit attributable to 80% equity interest in Labuan Re for the FYE 31 December 2024 over the audited consolidated net profit of our Company for the FYE 31 March 2025.

8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Acquisition is subject to the following approvals being obtained:

(i) approval from BNM in relation to the Proposed Acquisition pursuant to Section 85(1) of the Financial Services Act 2013;

(ii) approval from Labuan FSA in relation to the Proposed Acquisition pursuant to Section 107(1) of the LFSSA;

(iii) approval from the non-interested shareholders of our Company at our forthcoming EGM for the Proposed Acquisition;

(iv) regulatory approval from Lloyd's in relation to the indirect change of control of LRUL;

(v) consent from RHB Bank (L) Ltd, being the holders of Labuan Re's callable cumulative denominated subordinated bonds of up to USD55.0 million for the change of Labuan Re's shareholding and ownership structure pursuant to the Proposed Acquisition, and to the extent required, the amendments in respect of the existing AoA as contemplated in Section 1(i) of **Appendix II** of this Circular arising from the Proposed Acquisition; and

(vi) any other parties, if required.

The Proposed Acquisition is not conditional upon any other corporate proposal undertaken or to be undertaken by our Company.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of our directors, major shareholders and/or persons connected with them have any interest, either direct and/or indirect, in the Proposed Acquisition as at the LPD:

(i) Dato' Sulaiman Mohd Tahir, the Non-Independent and Non-Executive Chairman of our Company, is a nominee director of PNB. Please refer to Section 9(iii) below for further information on PNB;

(ii) Mr George Oommen, the Senior Independent Non-Executive Director and the Chairman of the Audit Committee of our Company. He is also the Non-Executive Chairman in Labuan Re and a director of LRUL. Premised on Mr George Oommen's common directorships in our Company, Labuan Re and LRUL, he is deemed interested in the Proposed Acquisition;

(iii) PNB is a major shareholder of our Company as at the LPD. YPB is an indirect major shareholder of our Company, by virtue of its 99.99% equity interest in PNB pursuant to Section 8 of the Act.

PNB is also deemed interested in the Proposed Acquisition by virtue of PNB having nominee directors on the boards of directors of Maybank and TNB, as well as its equity interest in certain Vendors as at the LPD.

As at 30 June 2026, PNB's equity interest in the relevant Vendors are as follows:

Vendors	Direct		Indirect	
	No. of shares	%	No. of shares	%
MISC	19,225,000	(1)0.43	-	-
TNB	60,418,000	(2)1.04	-	-
Maybank	762,273,400	(36.30	-	-
RHB Bank	62,430,500	(4)1.43	-	-
Telekom	25,400,000	(5)0.66	-	-
Public Bank	25,693,000	(6)0.13	-	-

Note:

(1) Based on the issued number of shares of MISC comprising 4,463,745,703 ordinary shares (excluding 47,400 shares held as treasury shares) as at 30 June 2026.

(2) Based on the issued number of shares of TNB comprising 5,829,142,171 ordinary shares as at 30 June 2026.

(3) Based on the issued number of shares of Maybank comprising 12,095,327,095 ordinary shares as at 30 June 2026.

(4) Based on the issued number of shares of RHB Bank comprising 4,361,913,750 ordinary shares as at 30 June 2026.

(5) Based on the issued number of shares of Telekom comprising 3,837,738,480 ordinary shares as at 30 June 2026.

(6) Based on the issued number of shares of Public Bank comprising 19,410,691,735 ordinary shares as at 30 June 2026.

(Source: Based on publicly available information as extracted from the top 30 shareholders in the respective companies' annual report, announcement released by the respective companies on the changes in shareholding and information provided by the Vendors, whichever later, as compiled by our Company)

YPB is deemed interested in the above Vendors by virtue of its 99.99% equity interest in PNB pursuant to Section 8 of the Act; and

(iv) ASB is a major shareholder of our Company as at the LPD. ASB is a unit trust fund managed by Amanah Saham Nasional Berhad, a wholly-owned subsidiary of PNB, whereas PNB is the investment manager of ASB. As such, ASB is a person connected to PNB. ASB is also deemed interested in the Proposed Acquisition by virtue of ASB having equity interest in certain Vendors as at the LPD.

As at 30 June 2026, ASB's equity interest in the relevant Vendors are as follows:

Vendors	Direct		Indirect	
	No. of shares	%	No. of shares	%
MISC	142,693,900	(1)3.20	-	-
Telekom	79,273,100	(2)2.07	-	-
TNB	328,348,600	(3)5.63	-	-
Maybank	3,391,690,800	(4)28.04	-	-
Public Bank	291,257,500	(5)1.50	-	-
RHB Bank	115,087,800	(6)2.64	-	-

Note:

(1) Based on the issued number of shares of MISC comprising 4,463,745,703 ordinary shares (excluding 47,400 shares held as treasury shares) as at 30 June 2026.

(2) Based on the issued number of shares of Telekom comprising 3,837,738,480 ordinary shares as at 30 June 2026.

(3) Based on the issued number of shares of TNB comprising 5,829,142,171 ordinary shares as at 30 June 2026.

(4) Based on the issued number of shares of Maybank comprising 12,095,327,095 ordinary shares as at 30 June 2026.

(5) Based on the issued number of shares of Public Bank comprising 19,410,691,735 ordinary shares as at 30 June 2026.

(6) Based on the issued number of shares of RHB Bank comprising 4,361,913,750 ordinary shares as at 30 June 2026.

(Source: Based on publicly available information as extracted from the top 30 shareholders in the respective companies' annual report, announcement released by the respective companies on the changes in shareholding and information provided by the Vendors, whichever later, as compiled by our Company)

The shareholdings of the Interested Directors and the Interested Shareholders in our Company as at the LPD are as follows:

Name	**Direct**		**Indirect**	
	No. of MNRB Shares held	**[(1)]%**	**No. of MNRB Shares held**	**[(1)]%**
Interested Directors				
Dato' Sulaiman Mohd Tahir	-	-	-	-
George Oommen	-	-	-	-
Interested Shareholders				
ASB	327,926,500	41.88	-	-
PNB	94,191,400	12.03	-	-
YPB	-	-	[(2)]94,191,400	12.03

Note:

(1) Based on the issued number of shares of our Company comprising 783,086,696 MNRB Shares as at the LPD.

(2) Deemed interested by virtue of its interest in PNB pursuant to Section 8 of the Act.

In view of the above, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in respect of the Proposed Acquisition. In addition, the Interested Directors will also abstain from voting and undertake to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in our Company (if any) on the resolution pertaining to the Proposed Acquisition to be tabled at our forthcoming EGM.

The Interested Shareholders will also abstain from voting in respect of their direct and indirect shareholdings in our Company (if any) and undertake to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in our Company (if any) on the resolution pertaining to the Proposed Acquisition to be tabled at our forthcoming EGM.

10. OTHER CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Acquisition, there is no other outstanding corporate exercise/scheme which has been announced by our Company but pending completion as at the LPD.

11. TRANSACTIONS WITH THE INTERESTED PARTIES FOR THE PRECEDING 12 MONTHS

There are no transactions entered into between our Group and the Interested Parties in the 12 months preceding the date of the announcement of the Proposed Acquisition up to the LPD.

12. ADVISERS

Affin Hwang IB has been appointed as the Principal Adviser for the Proposed Acquisition.

The Proposed Acquisition is deemed as a RPT pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and Interested Major Shareholders as set out in Section 9 of Part A of this Circular.

As such, in accordance with Paragraph 10.08(2)(c) of the Listing Requirements, QuantePhi has been appointed on 15 May 2026 as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of our Company, on the following:

(i) whether the terms of the Proposed Acquisition are fair and reasonable;

(ii) whether the Proposed Acquisition is to the detriment of the non-interested shareholders of our Company; and

(iii) a recommendation as to whether the non-interested shareholders of our Company should vote in favour for or against the resolution for the Proposed Acquisition to be tabled at our forthcoming EGM.

Please refer to Part B of this Circular for the IAL in relation to the Proposed Acquisition from QuantePhi.

13. AUDIT COMMITTEE'S STATEMENT

Our Audit Committee (save for Mr. George Oommen as an Interested Director), after having considered all aspects of the Proposed Acquisition, including the rationale and effects of the Proposed Acquisition, salient terms of the SPA, as well as the evaluation of the Independent Adviser, is of the view that the Proposed Acquisition is:

(i) in the best interest of our Company;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the non-interested shareholders of our Company.

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14. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board (save for the Interested Directors), after having considered all aspects of the Proposed Acquisition, including the rationale and effects of the Proposed Acquisition, salient terms of the SPA, the basis and justification of arriving at the Initial Consideration, prospects of Labuan Re as well as the evaluation of the Independent Adviser, is of the opinion that the Proposed Acquisition is:

(i) in the best interest of our Company;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the non-interested shareholders of our Company.

Accordingly, our Board (save for the Interested Directors) recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Acquisition to be tabled at our forthcoming EGM.

15. ESTIMATED TIMEFRAME FOR COMPLETION

The Proposed Acquisition is expected to be completed in the fourth quarter of 2026 subject to all required approvals being obtained/waived.

The tentative timetable in relation to the Proposed Acquisition is as follows:

Tentative timeline	Key milestones
14 August 2026	• EGM for the Proposed Acquisition
Fourth Quarter of 2026	• Fulfilment of the conditions precedents as set out in the SPA • Completion of the Proposed Acquisition

16. EGM

The EGM, the notice of which is enclosed together with this Circular, will be held physically at Stateroom 2, Ground Floor, M Resort & Hotel, Jalan Damansara, Bukit Kiara, 60000 Kuala Lumpur on Friday, 14 August 2026 at 10:00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution so as to give effect to the Proposed Acquisition.

If you are unable to attend, participate, speak and vote in person at the EGM, the completed and signed Proxy Form should be deposited at our Company's Share Registrar office at Boardroom Share Registrars Sdn. Bhd at 11th Floor, Menara Symphony, No.5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia either by hand, post or email to Boardroom at bsr.proxy@boardroomlimited.com.

You also have the option to lodge electronically via "Boardroom Smart Investor Portal" at https://investor.boardroomlimited.com ("**e-Proxy Lodgement**").

The Proxy Form must be received by Boardroom not less than 48 hours before the time stipulated for holding the EGM or any adjournment thereof.

The lodging of the completed Proxy Form does not preclude you from attending, participating, speaking and voting at the EGM should you wish to do so.

17. FURTHER INFORMATION

You are advised to refer to the appendices as set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
MNRB HOLDINGS BERHAD

JUNAIDAH MOHD SAID
Independent Non-Executive Director

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF OUR COMPANY IN RELATION TO THE PROPOSED ACQUISITION

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meanings as the words and expressions defined in the "Definitions" Section and Part A of the Circular, except where the context otherwise requires or where otherwise defined in the IAL. All references to "you" are references to the non-interested shareholders of MNRB, whilst references to "we", "us", or "our" are references to QuantePhi being the independent adviser for the Proposed Acquisition ("**Independent Adviser**").

Set out hereunder is an executive summary which serves to highlight some of the salient points arising from QuantePhi's independent evaluation of the Proposed Acquisition. Non-interested shareholders are advised to read carefully and understand the contents of the IAL and the entire Part A of the Circular, including the appendices thereof, for more comprehensive information, evaluation and recommendation of the Proposed Acquisition before voting on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM.

1. INTRODUCTION

On 19 May 2026, Affin Hwang IB had, on behalf of the Board, announced that MNRB had entered into a SPA with the Vendors for the proposed acquisition of Labuan Re Shares, representing 80.00% equity interest in Labuan Re for a total cash consideration of USD100,689,242.02 (equivalent to RM400,491,460.14 based on the pre-determined exchange rate of USD1.00 : RM3.9775 in accordance with the terms of the SPA).

By virtue of the interests of the Interested Directors and Interested Shareholders in the Proposed Acquisition as set out in **Section 9, Part A of the Circular**, the Proposed Acquisition is deemed as a RPT pursuant to Paragraph 10.08 of the Listing Requirements. Pursuant thereto, the Board has appointed QuantePhi on 15 May 2026 to act as the independent adviser to advise the non-interested Directors and non-interested shareholders of MNRB as to whether the Proposed Acquisition is fair and reasonable so far as the non-interested shareholders of the Company are concerned, and whether the Proposed Acquisition is to the detriment of the non-interested shareholders of MNRB.

2. EVALUATION OF THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, we have taken into consideration the following:

Section in the IAL	Area of Evaluation	Comments
Section 5.1	Rationale for the Proposed Acquisition	The Malaysia insurance and takaful market remained underserved with surge in demand for protection from expanding sectors such as renewable energy and data centres. The Proposed Acquisition enables MNRB to capture the rising demand through larger underwriting capacity and operational efficiency through shared support function, governance and expertise in risk management. The Proposed Acquisition is strategically aligned with Malaysia's national agenda to strengthen its position as a regional insurance and reinsurance hub and enables MNRB to leverage on Labuan's role as an internationally recognised offshore financial centre.

Section in the IAL	Area of Evaluation	Comments
		MNRB's current operations remain substantially concentrated in Malaysia and regional markets. The Proposed Acquisition enables MNRB to leverage on Labuan Re's internationally diversified underwriting portfolio, thereby enhancing geographical diversification. In addition, the Proposed Acquisition broadens MNRB's exposure to higher-premium specialty reinsurance markets through Lloyd's, facilitating earnings diversification and expansion of MNRB's product mix. The Proposed Acquisition reflects a discount compared to average P/TNAV of precedent transactions and Labuan Re's book value. The bargain purchase gain arising from the Proposed Acquisition is expected to increase the Group's net assets, thereby strengthening its capital base and enhancing underwriting capacity. The Proposed Acquisition is expected to be earnings accretive upon full consolidation of Labuan Re's financial results. EPS is expected to increase from RM0.70 to RM1.09 per MNRB Share, representing a 55.71% uplift. **Premised on the above, we are of the opinion that the rationale for the Proposed Acquisition is reasonable.**
Section 5.2	Evaluation of the Initial Consideration for the Proposed Acquisition	**Basis and justification for the Initial Consideration** In evaluating the Initial Consideration, we have adopted the Precedent Transactions as the primary approach and Peer Analysis as the secondary approach. The Precedent Transactions approach is appropriate given it compares the transaction multiples against other recent comparable transactions undertaken by listed companies that are similar in nature and industry reflecting actual deal multiples of past transaction. The Peer Analysis approach provides an additional valuation perspective by benchmarking the implied PBR multiples against listed peers in the reinsurance industry. In both cases, the Initial Consideration is supported by reasonable valuation range. We have reviewed the methodology, assumptions, and data used in deriving the Precedent Transactions and Peer Analysis and are satisfied that they are consistent with generally accepted valuation practices for transactions of this nature.

Section in the IAL	Area of Evaluation	Comments
		Premised on the above, we are of the opinion that the Initial Consideration of USD100.69 million for the Proposed Acquisition is fair.
Section 5.3	Salient terms of the SPA	The salient terms of the SPA as set out in Appendix II, Part A of the Circular are mutually agreed upon between respective parties pursuant to the Proposed Acquisition. **We are of the view that the salient terms of the SPA are reasonable and not detrimental to the non-interested shareholders of MNRB.**
Section 5.4	Industry Outlook and Prospects of the Proposed Acquisition	Based on the general positive overview and outlook of the Malaysian economy, global economy and the insurance industry in Malaysia; overview and prospects of the insurance industry in the Federal Territory of Labuan; and the prospects of Labuan Re, **we are of the opinion that the overview, outlook and prospects of the Proposed Acquisition are reasonable.**
Section 5.5	Risk factors associated with the Proposed Acquisition	We note that the risks associated with the Proposed Acquisition are the typical risks associated with transactions of this nature. The non-interested shareholders of MNRB are advised to give due and careful regard to the risk factors as set out in Section 5, Part A of the Circular and are reminded that although measures may be taken by the management to limit all the highlighted risks, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material adverse impact on the business and financial performance of MNRB.
Section 5.6	Effects of the Proposed Acquisition	We note that: - **Share Capital and Substantial Shareholders' Shareholding** (i) The Proposed Acquisition will not have any effect on MNRB's issued share capital and substantial shareholders' shareholding as it does not involve any issuance of new MNRB Shares.

Section in the IAL	Area of Evaluation	Comments
		Net Assets and Net Assets per MNRB Share (i) On a proforma basis, the Proposed Acquisition is expected to increase the Net Assets of the Group from RM3,885.88 million to RM4,096.37 million. Consequently, on a proforma basis, the Net Assets per MNRB Share is expected to increase from RM4.96 to RM5.23 mainly due to the bargain purchase gain of RM216.98 million. **Gearing** (i) On a proforma basis, the Proposed Acquisition is expected to increase MNRB's gearing ratio from 0.17 times to 0.28 times upon completion of the Proposed Acquisition. The increase is mainly driven by additional financing to fund the Initial Consideration, as well as the consolidation of Labuan Re's borrowings. (ii) As part of MNRB's treasury funding strategy, the issuance of commercial papers ("**CP**") is intended to bridge the short-term liquidity requirements arising from the Proposed Acquisition. The CP programme provides MNRB with greater flexibility in terms of drawdown amount, tenure, timing of the initial issuance, and subsequent issuances, while offering competitive funding rates based on prevailing market pricing. (iii) We note that MNRB's gearing was relatively higher than its peers' prior to the Proposed Acquisition. We understand from the management of MNRB that the elevated gearing ratio was primarily attributable to Tier 2 capital financing raised as part of the Company's capital management strategy to support regulatory capital adequacy including meeting both the 130.00% Supervisory Target Capital Level ("**STCL**") and the Internal Target Capital Level ("**ITCL**") requirements under BNM's Risk-Based Capital ("**RBC**") framework. The Tier-2 Capital financing is considered quasi-equity in nature. (iv) Following the Proposed Acquisition, MNRB's gearing ratio is expected to increase to 0.28 times, which remains comfortably below the RAM Ratings' rating threshold of 0.50 times to maintain MNRB's Sukuk Murabahah Programme AA3 rating.

Section in the IAL	Area of Evaluation	Comments
		Earnings and EPS (i) On a proforma basis, the Proposed Acquisition is expected to increase the earnings of the Group from RM544.68 million to RM855.75 million. Consequently, on a proforma basis, the EPS is expected to increase from RM0.70 to RM1.09 mainly due to the bargain purchase gain of RM216.98 million and the full consolidation of Labuan Re's PAT. **Premised on the above, we are of the view that the effects of the Proposed Acquisition are reasonable and not detrimental to the interest of the non-interested shareholders of MNRB.**

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisition, and our evaluation is set out in Section 5 of the IAL. Non-interested shareholders of MNRB are advised to consider the merit and demerits of the Proposed Acquisition carefully based on all the relevant and pertinent factors including those set out in the IAL and Part A of the Circular together with all the appendices contained therein as well as other publicly available information prior to making a decision to vote on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM.

Premised on our overall evaluation and assessment of the Proposed Acquisition based on the information available to us up to the LPD, we are of the opinion that, taken as a whole, the Proposed Acquisition is **fair and reasonable** and is **not detrimental** to the interest of the non-interested shareholders of MNRB.

Accordingly, we recommend that the non-interested shareholders of MNRB to **vote in favour** of the resolution pertaining to the Proposed Acquisition at the forthcoming EGM.

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QuantePhi

Registered Office:
6-5-3, Sinaran TTDI,
Jalan Tun Fuad 3,
Taman Tun Dr Ismail,
60000, Kuala Lumpur.

31 July 2026

To: The Non-Interested Shareholders of MNRB Holdings Berhad

Dear Sir/ Madam,

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF MNRB HOLDINGS BERHAD IN RELATION TO THE PROPOSED ACQUISITION

1. INTRODUCTION

1.1 This IAL is prepared for the inclusion in the Circular to shareholders of MNRB dated 31 July 2026 in relation to the Proposed Acquisition. Definitions or defined terms used in this IAL shall have the same meaning as the definitions used in Part A of the Circular, except where the context otherwise requires or where otherwise defined herein. All references to “you” are references to the non-interested shareholders of the Company, whilst references to “we”, “us”, or “our” are references to QuantePhi, being the independent adviser for the Proposed Acquisition.

1.2 On 19 May 2026, Affin Hwang IB had, on behalf of the Board, announced that MNRB had entered into the SPA with the Vendors for the proposed acquisition of Labuan Re Shares representing 80.00% equity interest in Labuan Re for a total cash consideration of USD100,689,242.02 (equivalent to RM400,491,460.14 based on the pre-determined exchange rate of USD1.00 : RM3.9775 in accordance with the terms of the SPA).

1.3 By virtue of the interests of the Interested Directors and Interested Shareholders in the Proposed Acquisition as set out in Section 9, Part A of the Circular, the Proposed Acquisition is deemed as a RPT pursuant to Paragraph 10.08 of the Listing Requirements. Pursuant thereto, the Board has appointed QuantePhi on 15 May 2026 to act as the independent adviser to advise the non-interested Directors and non-interested shareholders of MNRB as to whether the Proposed Acquisition is fair and reasonable so far as the non-interested shareholders of the Company are concerned, and whether the Proposed Acquisition is to the detriment of the non-interested shareholders of MNRB.

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1.4 The purpose of this IAL is to provide the non-interested shareholders of MNRB with an independent evaluation of the Proposed Acquisition, and the scope of this IAL is as follows:

(i) to comment as to whether the Proposed Acquisition is:

(a) fair and reasonable as far as the non-interested shareholders of MNRB are concerned; and

(b) to the detriment of the non-interested shareholders of MNRB,

and set out the reasons for such opinion, the key assumptions made and the factors taken into consideration into forming that opinion;

(ii) to advise the non-interested shareholders whether they should vote in favour of the Proposed Acquisition; and

(iii) to take all reasonable steps to satisfy ourselves that we have reasonable basis to make comments and advice for items (i) and (ii) above.

1.5 This IAL is prepared solely for the use of the non-interested shareholders of MNRB for the purpose of considering the Proposed Acquisition and should not be used or relied upon by any other party for any other purpose whatsoever.

NON-INTERESTED SHAREHOLDERS OF MNRB ARE ADVISED TO READ AND FULLY UNDERSTAND BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CONSIDER CAREFULLY THE RECOMMENDATIONS CONTAINED THEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONTACT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE PROPOSED ACQUISITION

The details of the Proposed Acquisition are set out in Part A of the Circular and should be read and fully understood in its entirety by the non-interested shareholders of MNRB.

3. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

The details of the Interested Directors and Interested Shareholders are set out in Section 9, Part A of the Circular.

Save as disclosed in Section 9, Part A of the Circular, none of the directors, major shareholders of the Company and/or persons connected with them have any interests, whether direct and/or indirect, in the Proposed Acquisition.

Accordingly, the Interested Directors and Interested Shareholders will abstain from voting and undertake to ensure that persons connected with them to abstain from voting in respect of their direct and/or indirect shareholdings in MNRB, if any, on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM of the Company.

4. SCOPE AND LIMITATION OF OUR EVALUATION

4.1 QuantePhi has not been involved in any negotiations on the terms and conditions of the Proposed Acquisition nor has it participated in the Board's deliberation on the Proposed Acquisition. QuantePhi's scope as the independent adviser is limited to expressing an independent opinion on the fairness and reasonableness of the Proposed Acquisition, based on and in reliance upon information, documents and representation/confirmations provided or made available to us (the accuracy of which the Board or other advisers of MNRB are solely responsible), including but not limited to the following: -

(i) the Circular and the accompanying appendices in relation to the Proposed Acquisition;

(ii) information contained in the announcement dated 19 May 2026 in relation to the Proposed Acquisition;

(iii) SPA;

(iv) information provided by MNRB, as well as representations/confirmations obtained in or derived from discussions with the management of MNRB;

(v) publicly available information, such as annual reports and quarterly announcements from MNRB; and

(vi) other publicly available information which we deem to be relevant for our evaluation.

We have also obtained confirmation from the Board that the Directors of the Company collectively and individually accept full responsibility for the accuracy of information given for the IAL (save and except for analyses made and opinions expressed by QuantePhi) and confirmed that after making all reasonable enquiries, to the best of their knowledge and belief, there are no facts, the omission of which, would make any statement herein misleading. The Board has also provided confirmation that all facts and information in respect of the Company and Labuan Re which are relevant to QuantePhi's evaluation of the Proposed Acquisition have been disclosed to QuantePhi, and there are no facts or information, the omission of which, would make any information supplied to us misleading in any respect.

With due consideration to the foregoing and after making all reasonable enquiries and to the best of our knowledge and belief, we are satisfied that all information, documents, and representations/ confirmations necessary for our evaluation of the Proposed Acquisition have been disclosed to us and that such information is reasonable, accurate, complete, and there is no omission of any material facts, which would make any information provided to us incomplete, misleading or inaccurate.

We are satisfied that sufficient information has been disclosed to us in enabling us to formulate our recommendation. After making all the reasonable checks and corroborating such information with independent sources, where possible and to the best of our knowledge and belief, the information used is reasonable, accurate, complete, and free of material omission.

In our evaluation of the Proposed Acquisition, we have taken into consideration pertinent matters which are made known to us and which we believe are of general importance to an assessment of the financial implications of the Proposed Acquisition and would be of significant relevance and general concern to the non-interested shareholders of MNRB as a whole in arriving at our advice.

The scope of QuantePhi's responsibility with regard to our evaluation and opinion contained herein is confined to the Proposed Acquisition. Where our comments or points of consideration are included on certain pertinent matters which may be qualitative or commercial in nature, these are incidental to our overall financial evaluation and concern matters which we may deem material for disclosure and/or which may have possible financial implications on the Company.

QuantePhi's opinion contained in this IAL is provided to the non-interested shareholders of MNRB at large and not to any shareholder individually. Hence, we have not given regard to the specific investment or financial objective, financial situation and/or particular needs of any shareholder or any specific group of shareholders. We recommend that any individual shareholder or any specific group of shareholders who require specific advice within the context of their individual objectives, financial situation or particular needs should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers at their own costs.

After the dispatch of the Circular, the independent adviser will notify the non-interested shareholders if we become aware of any of the following:

(i) significant changes affecting the information contained in the IAL;

(ii) there is reasonable ground to believe that the statements made in the IAL are misleading and/or deceptive; and

(iii) there is a material omission in the IAL.

4.2 We confirm that there is no conflict-of-interest situation or potential conflict of interest situation arising from us carrying out the role of independent adviser to advise the non-interested shareholders of MNRB in respect to the Proposed Acquisition and that there was no professional relationship between QuantePhi and MNRB in the past two ('2') years prior to the date of this IAL.

QuantePhi is permitted to carry on the regulated activity of advising on corporate finance under the Capital Markets and Services Act, 2007. QuantePhi has been actively involved in providing advisory services over the last fourteen ('14') years.

The credentials and experience of QuantePhi as an independent adviser, where we have been appointed in the past six ('6') years prior to the date of this IAL, include the following proposals:

(i) Independent Advice Letter dated 28 November 2025 included in the circular for Turiya Berhad ("**Turiya**")

Independent advice to the non-interested shareholders of Turiya in relation to the proposed acquisition by Turiya Properties of Wisma Sentral Inai from Maybank Trustees Berhad for a total cash consideration of RM135.00 million and the proposed subscription, which entails Dato' Sri Shamir Kumar Nandy subscribing 135,000,000 RPS at the Subscription Price;

(ii) Independent Advice Letter dated 03 September 2025 included in the circular for Jentayu Sustainables Berhad ("**JSB**")

Independent advice to the non-interested shareholders of JSB in relation to the proposed acquisition of a 51.00% equity interest in Jentayu Solar Sdn Bhd from Jentayu Capital Sdn Bhd for a purchase consideration of RM5.87 million to be satisfied via a set-off arrangement and a call option for the remaining 49.00% equity interest from Seri Panglima Holdings Sdn Bhd for an option price of RM5.64 million, which is inter-conditional with the proposed variation to the utilisation of proceeds from JSB's rights issue exercise completed on 3 March 2022;

(iii) Independent Advice Letter dated 31 July 2025 included in the circular for EXSIM Hospitality Berhad ("**EHB**")

Independent advice to the non-interested shareholders of EHB in relation to the proposed acquisition of a 5-star rated hotel tower with a retail podium known as Tower E, which is part of the Empire City development in Petaling Jaya, Selangor, for a purchase price of RM240.30 million. The acquisition is inter-conditional with a proposed renounceable rights issue of new ordinary shares in EHB, along with free detachable warrants, intended to raise approximately RM250.80 million;

(iv) Independent Advice Letter dated 11 June 2025 included in the circular for FGV Holdings Berhad ("**FGV**")

Independent advice to the shareholders of FGV in relation to the proposed acquisitions by FGV Palm Industries Sdn Bhd ("**FGVPI**"), an indirect 72.00%-owned subsidiary of FGV, of the remaining equity interest in three ('3') non-wholly owned subsidiaries of FGVPI from Koperasi Permodalan FELDA Malaysia Berhad ("**KPF**") for a cash consideration of RM54,696,719.00 and proposed acquisitions by Felda Holdings Bhd ("**FHB**"), a wholly-owned subsidiary of FGV, of the remaining equity interest in five ('5') non-wholly owned subsidiaries of FHB from KPF for a cash consideration of RM175,054,633.00;

(v) Independent Advice Letter dated 6 December 2024 included in the circular for HCK Capital Group Berhad ("**HCK**")

Independent advice to the shareholders of HCK in relation to the proposed debt settlement of the advances amounting to RM100.00 million to Tan Sri Clement Hii Chii Kok ("**Tan Sri Clement Hii**") by Global Activate Sdn Bhd through issuance of 47.26 million new ordinary shares in HCK at an issue price of RM2.1161 per share to Tan Sri Clement Hii;

(vi) Independent Advice Letter dated 30 August 2023 included in the circular for HCK

Independent advice to the shareholders of HCK in relation to the proposed acquisition by HCK of its 100.0% equity interest in Global Activate Sdn Bhd and Light Odyssey Sdn Bhd for a cash consideration of RM2.00 each;

(vii) Independent Advice Letter dated 31 March 2023 included in the circular for SMRT Holdings Berhad ("**SMRT**")

Independent advice to the shareholders of SMRT in relation to the proposed acquisition by SMRT of the remaining 36.00% equity interest in N'osairis Technology Solutions Sdn Bhd for a cash consideration of RM72.00 million and proposed divestment by SMRT of 100.00% equity interest in SMR Education Sdn Bhd for a cash consideration of approximately RM49.50 million;

(viii) Independent Advice Letter dated 21 July 2022 included in the circular for Scomi Energy Services Berhad ("**Scomi Energy**")

Independent advice to the shareholders of Scomi Energy in relation to the proposed disposal by Scomi Energy of its 48.00% equity interest in Scomi KMC Sdn Bhd and 100.00% equity interest in Scomi Oilfield Limited together with 9 of its existing subsidiaries for total cash consideration of RM21.00 million; and

(ix) Independent Advice Letter dated 30 September 2021 included in the circular for ENRA Group Berhad ("**ENRA**")

Independent advice to the shareholders of ENRA in relation to the proposed divestment by ENRA of 100.00% equity interest in ENRA Kimia Sdn Bhd and its subsidiary companies for a cash consideration of RM50.00 million.

Further information on QuantePhi is available on our website, www.quantephi.cc.

Based on our credentials and experience above, we have the necessary resources and staff with the relevant skills, knowledge and experience to carry out our role and responsibilities as the independent adviser to advise the non-interested shareholders of MNRB in respect of the Proposed Acquisition as set out in Section 5 of this IAL.

5. EVALUATION OF THE PROPOSED ACQUISITION

In our evaluation of the Proposed Acquisition, we have considered the following factors: -

(i) rationale for the Proposed Acquisition;

(ii) evaluation of the Initial Consideration for the Proposed Acquisition;

(iii) salient terms of SPA;

(iv) industry outlook and prospects of the Proposed Acquisition;

(v) risk factors associated with the Proposed Acquisition; and

(vi) effects of the Proposed Acquisition.

5.1 Rationale for the Proposed Acquisition

"Malaysia continues to present a supportive environment for investment and M&A activities, underpinned by resilient economic growth, stable macroeconomic conditions, and improving investor confidence. The insurance sector continues to offer attractive defensive characteristics, supported by recurring cash flows, investment income generation, and strong capital positions. Sector valuations remain relatively compelling compared to broader market growth sectors, particularly given the industry's ability to compound earnings through underwriting income, investment returns, and embedded value growth over time. For reinsurers, the outlook is further strengthened by increasing demand for capital relief, catastrophe protection, and cross-border risk transfer solutions.

Thus, the Proposed Acquisition represents a strategic opportunity for our Company to strengthen our position as a regionally competitive reinsurance and retakaful group, leveraging on Labuan Re's established offshore platform and international client base. This supports our Company's long-term strategy to expand our regional and global footprint while reinforcing our position as a Malaysian-owned reinsurer with regional relevance. Through the Proposed Acquisition, our Company is expected to increase the market share of our reinsurance business as Labuan Re offers a comprehensive and diverse range of reinsurance solutions across conventional reinsurance, retakaful and Lloyd's participations. The Proposed Acquisition will enhance our Company's international presence by consolidating our Company's position as the sole shareholder of Labuan Re.

Being a predominantly underserved market, the insurance and takaful penetration rates in Malaysia remain at 4% to 5% of GDP which is below the penetration rates of other more developed regional markets such as Singapore (8% to 10%), Japan (7% to 8%) and South Korea (10% to 11%) (Source: Global Insurance Market Trends 2025 Report, Organisation for Economic Co-operation and Development). This provides room for long-term expansion driven by increases in household income, improvement in financial literacy and awareness, and higher protection needs. At the same time, the insurance sector stands to benefit from expanding sectors such as logistics, renewable energy, manufacturing, and data centres which create additional demand for insurance and reinsurance protection. The Proposed Acquisition is aligned with the national agenda to strengthen Malaysia's position as a regional insurance and reinsurance hub, including the development of Labuan as an internationally recognised offshore financial centre. This enables our Company to support the growth of Malaysian-owned reinsurance capacity while *contributing to foreign currency inflows and enhancing the resilience of the domestic financial ecosystem.*

The Proposed Acquisition also facilitates geographic diversification, reducing concentration risk to the domestic market, while advancing our Company's transformation into a focused reinsurance and retakaful group.

The Proposed Acquisition provides a scalable, capital-efficient and internationally recognised platform to accelerate our Group's transformation roadmap. As Labuan Re operates in a tax efficient jurisdiction, the Proposed Acquisition enables a more optimised deployment of capital across our Group's portfolios.

Further, the Proposed Acquisition is expected to achieve synergies through the complementary strengths of our Group and Labuan Re, which may enhance the overall profile of our Company, including:

(i) improved efficiencies and sharing of best practices in support functions and group-level governance, risk management and operational oversight;

(ii) opportunity to effectively cross-sell and provide customisable structured reinsurance solutions to cedents to address their risk management and capital management needs; and

(iii) enabling Labuan Re to leverage on our Group's financial strength to increase the scale of its underwriting activities as a subsidiary of our Company after the Proposed Acquisition, which is expected to contribute positively to the future earnings of our Group, as compared to Labuan Re being a 20% associated company of our Group currently.

The Proposed Acquisition is also being transacted at a discount to Labuan Re's book value, which will result in a negative goodwill. The negative goodwill, subject to completion-date fair value assessment and purchase price allocation exercise, arising from the Proposed Acquisition, also referred to as a "bargain purchase" can immediately be recognised as a gain on acquisition and hence, is expected to be immediately earnings accretive to our Company.
As at the LPD, our Company indirectly owns a 20% equity interest in Labuan Re through Malaysian Re, a wholly-owned subsidiary of our Company. The Proposed Acquisition will enable our Company to fully consolidate Labuan Re's financial results upon our Company obtaining control of Labuan Re after the Proposed Acquisition.

Based on Labuan Re's audited consolidated financial statements for the FYE 31 December 2025, Labuan Re recorded an audited insurance/takaful contract revenue of USD183.84 million (^equivalent to RM784.41 million), net investment income of USD39.11 million (^equivalent to RM166.87 million) and PAT of USD34.92 million (^equivalent to RM149.00 million). Thus, the consolidation of the financial results of Labuan Re is expected to improve the overall financial performance of our Group.

Note:
^ Based on MFRS 121, Labuan Re's insurance/takaful contract revenue, net investment income and PAT for FYE 31 December 2025 have been translated at an average month-end exchange rate of each of the 12 months published on BNM's website for the FYE 31 December 2025 at USD1.00 : RM4.2668."

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QuantePhi's commentaries:

Malaysia's insurance and takaful market remain underserved compared to the Organisation for Economic Co-operation and Development ("**OECD**") countries, with 34 out of 38 members classified as high-income economies based on the World Bank's classification in 2025. Malaysia's overall insurance penetration stands at only 4.60% of GDP versus 6.00% in OECD countries as of 2023. *(Source: Global Insurance Market Trends 2025, OECD, 8 December 2025)*. In addition, while Malaysia's overall insurance and takaful penetration rate in 2024 is approximately 4.50% of GDP, BNM targets the insurance and takaful penetration rate to be between 4.80% to 5.00% by end of 2026 *(Source: 2025 Financial Sector Blueprint & Sustainability Report for Takaful).*

Simultaneously, Malaysia is also facing a surge in demand from sectors which require enhanced insurance and reinsurance or retakaful protection. In terms of data centres for example, Malaysia's data centre capacity is set to more than double to 2,055 megawatts (**"MW"**) by end 2026, representing a 70.00% compound annual growth rate positioning Johor as one of the fastest-growing markets in the Asia-Pacific according to Jones Lang LaSalle ("**JLL**") Malaysia's 2Q2026 report. *(Source: Malaysia's data centre capacity to double to 2,055MW by 2026 - JLL, The Edge Malaysia, 28 April 2026)*

Against this backdrop, Malaysia is taking the initiative to strengthen its position as a regional insurance and reinsurance hub through measures to expand insurance and takaful protection solutions, to enhance risk transfer capabilities and ensure efficient mobilisation of fund. Key priorities include promoting trade credit insurance for SMEs, encouraging the offering of specialised insurance and takaful products for emerging sectors such as renewable energy and data centres, and strengthening reinsurance and retakaful capacity in critical protection areas that promote economic growth *(Source: 2025 Financial Sector Blueprint & Sustainability Report for Takaful).* In parallel, Malaysia aims to further develop Labuan as an international financial centre and regional risk transfer hub, with a focus on insurance, reinsurance, and captive insurance *(Source: Labuan IBFC Strategic Roadmap 2022–2026).*

The Proposed Acquisition is therefore strategically aligned with the national agenda and enables MNRB to leverage on Labuan's strategic role as an internationally recognised offshore financial centre, providing MNRB with growth and advantages in efficient allocation of insurance/reinsurance capital, preferential tax regime and facilitating cross-border reinsurance underwriting activities.

MNRB's current reinsurance operations remain substantially concentrated in Malaysia and regional markets such as in Malaysia and Asia Pacific mainly the Association of Southeast Asian Nations ("**ASEAN**") resulting in greater exposure to domestic and regional economic conditions, regulatory developments and foreign exchange fluctuations. The Proposed Acquisition is expected to further enhance the Group's geographical diversification through Labuan Re's internationally diversified underwriting portfolio with exposure to multiple international jurisdictions such as exposure through Labuan Re's current customers in Asia including East Asia countries such as China, Hong Kong and Japan, Middle East, America and Europe countries through Lloyd's platform with the immediate indirect control of LRUL.

Beyond geographical diversification, the Proposed Acquisition is expected to strengthen MNRB's overseas presence and diversify its earnings base through exposure to global specialty reinsurance markets. Through indirect control of LRUL, an established reinsurer with access to the Lloyd's market since 2001, MNRB is expected to broaden its participation in specialty reinsurance segments including cyber, energy, credit, agriculture and construction. As at the LPD, MNRB's existing business is largely concentrated in traditional reinsurance lines such as fire, motor, aviation, transit and miscellaneous accident. MNRB's exposure to specialty reinsurance currently represents a relatively small proportion of its portfolio, resulting in a concentrated earnings base and limited access to higher-margin specialty markets. The Proposed Acquisition is expected to broaden MNRB's exposure in the specialty reinsurance segment by expanding its scale, products and participation in these higher margin segments without the time, capital and execution risks associated with organic expansion. These specialty lines offer stronger growth prospects and more resilient underwriting margins, enhancing MNRB's earnings quality and diversification.

From the perspective of transaction multiples, the price at which the Proposed Acquisition is transacted at is advantageous to the Group. Based on the Initial Consideration, the Proposed Acquisition represents a P/TNAV of 0.88 times (**"Transacted P/TNAV"**) or a 37.14% discount to the historical average transacted P/TNAV of 1.40 times, based on precedent transactions as disclosed in Section 2.4, Part A of the Circular. In addition, the Transacted P/TNAV reflects a discount to the book value of Labuan Re. The bargain purchase gain of RM216.98 million arising from the Proposed Acquisition is expected to increase MNRB's NA, thereby strengthening its capital base and providing additional headroom for future underwriting capacity.

Most importantly, the Proposed Acquisition enables full consolidation of Labuan Re's financial results, which is expected to improve the Group's overall financial performance. Labuan Re has demonstrated resilient profitability recording an average PAT Margin of 15.90% with an ROE of approximately 14.49% across past 3 audited financial years. This recent track record of disciplined underwriting and investment execution provides a strong foundation for earnings contribution post-acquisition. As disclosed in Section 6, Part A of the Circular, on a proforma basis upon full consolidation and recording of the bargain purchase gain, EPS is expected to increase from RM0.70 to RM1.09 per MNRB Share, representing a 55.71% uplift. Meanwhile, NA per MNRB Share is expected to rise from RM4.96 to RM5.23, a 5.44% increase post-acquisition.

Beyond these immediate earnings accretion benefits, the enlarged Group is expected to achieve operational synergies through shared support functions, governance and risk management, cross-selling of structured reinsurance solutions, and optimised capital deployment across the combined underwriting portfolio.

Accordingly, we are of the view that the rationale of the Proposed Acquisition is <u>reasonable</u> to the interest of the non-interested shareholders of MNRB.

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5.2 Evaluation of the Initial Consideration for the Proposed Acquisition

We take note of the following as extracted from **Section 2.4, Part A** of the Circular:

"*The Initial Consideration for the Proposed Acquisition was arrived at on a "willing-buyer willing-seller" basis, after taking into consideration the following:*

(i) *80% share of Labuan Re's Adjusted TNAV as at 31 December 2024 of USD114.62 million which had been audited based on MFRS 4;*

(ii) *precedent transactions in recent years based on their P/TNAV, which are set out in Section 2.4.1 of Part A of this Circular;*

(iii) *trading multiples of comparable companies ("**Peer Analysis**"), which are set out in Section 2.4.2 of Part A of this Circular; and*

(iv) *the rationale for the Proposed Acquisition which is set out in Section 3 of Part A of this Circular.*

Based on Labuan Re's Adjusted TNAV as at 31 December 2024, the Initial Consideration represents a P/TNAV of 0.88 times as follows:

		USD'000
Labuan Re's NA as at 31 December 2024, which has been audited based on MFRS 4[(1)]		*156,864*
Less: Intangible assets		*(4,594)*
Labuan Re's TNAV as at 31 December 2024, which has been audited based on MFRS 4[(1)]	***(A)***	*152,270*
Less: Dividend 2024	***(B)***	*(9,000)*
***Adjusted TNAV** of Labuan Re*	***(C)***	*143,270*
Percentage of Sale Shares to be acquired		*80%*
80% share of Adjusted TNAV of Labuan Re as at 31 December 2024	***(D)** = (C) X 80%*	*114,616*
Initial Consideration	***(E)***	*100,689*
P/TNAV (times)	*(E) / (D)*	***0.88***

Note:

(1) The NA and TNAV of Labuan Re as at 31 December 2024 of USD156.86 million and USD152.27 million respectively are based on the audited management accounts of Labuan Re for the FYE 31 December 2024 using MFRS 4, which has been adopted by MNRB and the Vendors for negotiation purposes, taking into consideration the precedent M&A transactions that were undertaken based on MFRS 4 or the equivalent international financial reporting standards.

For information purposes, MFRS 17 came into effect from 1 January 2023 to replace MFRS 4. The precedent transactions as set out in Section 2.4.1 of Part A of this Circular were announced between 31 March 2015 to 22 May 2023, where their latest audited financial information available would be before the effective date of MFRS 17 or the equivalent international financial reporting standards.

The differences between MFRS 4 and MFRS 17, among others, are different methods in measuring the value of insurance contracts including the recognition of the contractual service margin, deferred profit recognition over the coverage period, and revised treatment of insurance acquisition cash flows. The respective adoption of MFRS 4 and MFRS 17 will result in timing differences and pattern of revenue and profit recognition between the two standards but is not expected to affect the underlying economics of the business.

Precedent Transactions

*In arriving at the Initial Consideration for the Proposed Acquisition, our Board has considered, to the extent publicly available, financial information and transaction multiples of precedent M&A transactions relating to the selected precedent public M&A transactions involving companies in the reinsurance sector globally that in our Board's judgement, are relevant for its consideration between the period from 2015 to the date before MFRS 17 or the equivalent international financial reporting standards came into effect on 1 January 2023, ("**Precedent Transactions**").*

The Precedent Transactions as set out below were announced between 31 March 2015 and 22 May 2023, where their latest audited financial information available would be before the effective date of MFRS 17 or the equivalent international financial reporting standards:

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Name of target company	*Acquirer*	*Initial announcement date*	*[1] Estimated equity value (USD' million)*	*P/TNAV (times)*
Montpelier Re Holdings Ltd.	*Endurance Specialty Holdings Ltd*	*31 March 2015*	*1,830*	*1.21*
Sirius International Insurance Group Ltd.	*China Minsheng Investments Corp.*	*27 July 2015*	*2,235*	*1.27*
PartnerRe Ltd	*EXOR S.p.A*	*3 August 2015*	*6,899*	*1.28*
Endurance Specialty Holdings Ltd.	*Sompo Japan Nipponkoa Insurance Inc.*	*5 October 2016*	*6,304*	*[2] 1.36*
Allied World Assurance Company Holdings, AG	*Fairfax Financing Holdings Limited*	*18 December 2016*	*4,731*	*1.57*
Validus Holdings Ltd	*American International Group Inc*	*22 January 2018*	*5,535*	*1.77*
Aspen Insurance Holdings Ltd	*Apollo Global Management Inc*	*28 August 2018*	*2,552*	*1.13*
EMC Insurance Group Inc	*Employers Mutual Casualty Co*	*9 May 2019*	*356*	*1.27*
Singapore Reinsurance Corporation Limited	*Fairfax Asia Ltd*	*19 March 2021*	*[3] 113*	*[2] 0.79*
TQR PCL	*TQM Alpha PCL*	*8 March 2022*	*[4] 15*	*2.56*
Argo Group International Holdings Ltd	*Brookfield Reinsurance Ltd*	*8 February 2023*	*1,053*	*1.02*
Validus Reinsurance Ltd.	*RenaissanceRe Holdings Ltd.*	*22 May 2023*	*2,985*	*1.42*
Low				*0.79*
Average				*1.40*
Median				*1.28*
High				*2.56*

(Source: Publicly available information as disseminated by the respective companies)

Notes:

(1) Represents the purchase consideration received by the common shareholders of the target company.

(2) The ratio reviewed by our Board is based on PBR as the P/TNAV is not available.

(3) Based on the exchange rate of USD1.00 : Singapore Dollar (SGD) 1.3440 on 19 March 2021 as extracted from Monetary Authority of Singapore's website.

(4) Based on the exchange rate of USD1.00 : Thai Baht (THB) 33.2526 on 8 March 2022 as extracted from Bank of Thailand's website.

The Initial Consideration, which represents 0.88 times of the Adjusted TNAV as at 31 December 2024, is at the lower-end range of the Precedent Transactions' P/TNAV of 0.79 times to 2.56 times and is below the median P/TNAV of the Precedent Transactions of 1.28 times.

In addition, the Proposed Acquisition is being transacted at a discount to Labuan Re's book value, which will result in a negative goodwill, also referred to as a "bargain purchase". Please refer to Sections 6.2 and 6.3 of Part A of the Circular for further information on the effects of the Proposed Acquisition on the NA and earnings of our Group.

Peer Analysis

In addition to the transaction multiples of the Precedent Transactions, our Board also considered the prevailing trading multiples of selected reinsurance companies as the secondary check method for the implied valuation of the Initial Consideration. The asset-based valuation approach using PBR is deemed an appropriate valuation methodology as Labuan Re's business model is predominantly asset-intensive, comprising:

	Asset	**% to total assets as at 31 December 2024**
(i)	Reinsurance contract assets	13.75%
(ii)	Investment portfolio held in equities, bonds, unit trusts and other financial instruments	58.33%
(iii)	Net assets arising from participating in Lloyd's syndicates	5.88%
(iv)	Cash and cash equivalents	11.52%
(v)	Others which comprise property and equipment, right-of-use assets, intangible assets and other receivables	10.52%
Total		**100.00%**

The PBR illustrates the comparison between a company's share price or market value and the book value of the company's total shareholders' equity as indicated on its balance sheet.

Companies principally involved in the reinsurance business were selected based on the following selection criteria for comparison purposes:

(i) *listed on stock exchanges in the Asia Pacific region;*

(ii) *50% revenue contribution generated from reinsurance in their latest audited financial year;*

(iii) *profitable in their latest audited financial year; and*

(iv) *having audited NA of between RM200 million and RM1.0 billion as at their latest audited financial year, after taking into consideration the audited NA of Labuan Re as at 31 December 2024 of USD197.54 million (or #RM884.09 million),*

Note:

* *Our Board has not considered Malaysian Re for comparison purposes despite it being involved in the reinsurance business as Malaysian Re is not listed on any stock exchange and part of the business of Malaysian Re is contributed by its 20% equity interest in Labuan Re.*

\# *Based on MFRS 121, the NA of Labuan Re as at 31 December 2024 has been translated at the closing exchange rate on 31 December 2024 published on BNM's website at USD1.00 : RM4.4755.*

*(Referred to as the "**Peer Companies**").*

The list of Peer Companies is not exhaustive and may not be directly comparable to Labuan Re in terms of accounting policies and standards, as well as the operating environments, business models and/or tax treatments. Further, the Peer Companies may also differ in terms of the composition of business activities, profit track record, financial profile, risk profile, prospects, geographical area, scale of operations, future prospects, capital structure, marketability of their securities and other criteria.

In comparing the PBR of the Peer Companies, our Board has considered the implied PBR of the Proposed Acquisition based on the NA value derived using MFRS 4 as the Peer Companies have yet to adopt IFRS 17, or the equivalent accounting standards.

The implied PBR of Labuan Re against the PBR of the Peer Companies are as follows:

Peer Company	***Listing stock exchange***	***Principal activities***	***(1)Market capitalisation (RM' million)***	***(2)PBR (times)***	***(3)Adjusted PBR (times)***
Vietnam National Reinsurance Corporation 4)	*Hanoi Stock Exchange*	*Vietnam National Reinsurance provides insurance and re-insurance consulting services, and offers loans and makes investments, serving customers in Vietnam.*	*627*	*0.99*	*0.63*
Hanoi Reinsurance (4)	*Hanoi Stock Exchange*	*Hanoi Reinsurance operates as an insurance company offering re-insurance services, serving customers in Vietnam.*	*381*	*1.52*	*1.03*
National Reinsurance Corporation(5)	*Philippine Stock Exchange*	*National Reinsurance Corporation operates as a reinsurance company providing life and non-life re-insurance capacity, as well as consultancy, technical and advisory services to direct insurers, and know-how transfer in underwriting, product development, pricing, retention setting and reinsurance program analysis.*	*96*	*0.20*	*0.17*
Pakistan Reinsurance Company (6)	*Pakistan Stock Exchange*	*Pakistan Reinsurance Company offers reinsurance and risk management services in Pakistan.*	*210*	*0.61*	*0.19*
			High	*1.52*	*1.03*
			Median	*0.80*	*0.41*
			Low	*0.20*	*0.17*
Implied PBR based on the Initial Consideration for 80% equity interest in Labuan Re(7)					*0.85*

(Source: Bloomberg and latest publicly available annual reports of the respective Peer Companies as at the Announcement LPD)

Note:

(1) *The market capitalisation of each Peer Company is derived from the closing share price of the respective Peer Companies multiplied by its number of shares outstanding as at the Announcement LPD, and has been converted into RM equivalent based on the closing exchange rate published on BNM's website as at the Announcement LPD:*
   (a) *PHP100 : RM6.4593,*
   (b) *VND100 : RM0.0151,*

(c) IDR100 : RM0.0229; and
(d) PKR100 : RM1.4250.

(2) The PBR of each Peer Company was computed based on the NA of the Peer Companies per their respective latest publicly available annual reports as at the Announcement LPD.

(3) After adjustments to the PBR of the respective Peer Companies listed on foreign stock exchanges taking into account differences such as market conditions and risk profiles to ensure that the PBR are comparable across the Peer Companies in different countries.

The PBR of the Peer Companies are adjusted by multiplying the PBR by the Peer Companies' adjustment factor.

The adjustment factor is derived using **CAPM** as follows:

Cost of equity = Risk-free rate + (Beta X (Market return – Risk-free rate))

Step 1, the cost of equity of the Peer Companies is computed using the rate of return based on the Peer Companies' beta, risk-free rate and market risk premium of their home countries.

Step 2, the cost of equity of the Peer Companies is then regressed using Malaysian beta, Malaysian risk-free rate and Malaysian market risk premium.

The outcomes of Step 1 and Step 2 above are then used to arrive at the adjustment factor as set out below:

Computation	Cost of equity of the respective Peer Companies#	Malaysian cost of equity of the respective Peer Companies#	Adjustment factor (times)
	(a)	(b)	(b)/ (a)
Vietnam National Reinsurance	10.65%	6.79%	0.64
Hanoi Reinsurance	7.86%	5.35%	0.68
National Reinsurance Corporation	9.34%	7.85%	0.84
Pakistan Reinsurance Company	18.15%	5.51%	0.30

\# The cost of equity is derived from the application of CAPM formula for the respective Peer Companies. The risk-free rate, market return rate and beta of the respective Peer Companies are extracted from Bloomberg.

The risk-free rate for Vietnam was based on the latest tender yield for 10 years government bond on 28 April 2026, being the latest tender result before the Announcement LPD, as extracted from https://vbma.org.vn/en/activities/ket-qua-dau-thau-trai-phieu-chinh-phu-ngay-28-4-2026.
The equity risk premium for Vietnam is extracted from the Country Default Spreads and Risk Premiums published by Aswath Damodaran at https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html.

(4) Vietnamese reinsurance companies currently adopt VAS 19, which is a local accounting standard equivalent to MFRS 4. The adoption of the relevant VAS equivalent to IFRS 17 is scheduled to take effect in 2026.

(5) National Reinsurance Corporation is scheduled to adopt the Philippines Financial Reporting Standard 17, which is a local accounting standard equivalent to IFRS 17 in 2027.

(6) Pakistan Reinsurance Company is only required to comply with IFRS 17 for the financial years commencing on or after 1 January 2026.

(7) The implied PBR of Labuan Re is computed based on Labuan Re's NA as at 31 December 2024 restated using MFRS 4 as the Peer Companies have not adopted IFRS 17. The Implied PBR of Labuan Re based on the Initial Consideration is computed as follows:

		Audited as at 31 December 2024 (USD'000)
NA of Labuan Re (restated based on MFRS 4)	***(A)***	*156,864*
Less: Dividend 2024		*(9,000)*
NA of Labuan Re after adjusting for the Dividend 2024	***(B)***	*147,864*
Equity interest in Labuan Re to be acquired by MNRB pursuant to the Proposed Acquisition	***(C)***	*80%*
NA of Labuan Re attributable to the Proposed Acquisition	***(D)*** *= (B) x (C)*	*118,291*
Initial Consideration	***(E)***	*100,689*
Implied PBR	***(F)*** *= (E) / (D)*	*0.85*

The implied PBR based on the Initial Consideration of 0.85 times is:

(a) ***Peer Companies' PBR*** *– within the range of the Peer Companies' PBRs of 0.20 times to 1.52 times, and is above the median PBR of the Peer Companies of 0.80 times; and*

(b) ***Peer Companies' Adjusted PBR*** *- within the range of the Peer Companies' Adjusted PBRs of 0.17 times to 1.03 times, and is above the median Adjusted PBR of the Peer Companies of 0.41 times.*

Our Board takes cognisance that the implied PBR based on the Initial Consideration of 0.85 times is above the median Adjusted PBR of the Peer Companies of 0.41 times but is justifiable as MNRB is acquiring a controlling stake of Labuan Re. Labuan Re will become a wholly-owned subsidiary of MNRB where MNRB will be able to recognise and consolidate Labuan Re's future results and steer the business direction of Labuan Re as part of the MNRB Group after the Completion.

Based on the audited NA of Labuan Re of USD185.15 million as at 31 December 2025 (audited based on MFRS 4), the implied PBR based on the Initial Consideration is 0.68 times which demonstrates an improvement of financial position of Labuan Re from FYE 31 December 2024 to FYE 31 December 2025."

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QuantePhi's commentaries:

In establishing our opinion on the fairness of the Initial Consideration for the Proposed Acquisition, we have considered various valuation methodologies, which are commonly used in the valuation of companies. The following valuation methodologies were considered to assess the Initial Consideration.

Valuation Methodologies	Discussion
Precedent Transactions	Precedent Transactions is a valuation methodology which compares the Initial Consideration against other recent comparable transactions undertaken by listed companies that are similar in nature and industry. This approach is considered as an appropriate valuation methodology as it reflects actual deal multiples, including control premiums or discounts, depending on market conditions and specific deal circumstances. We have adopted the Precedent Transactions as the primary approach.
Peer Analysis	Peer Analysis compares a company's implied trading multiples to that of comparable listed companies ("**Comparable Companies**") to determine the company's value. This approach is considered as an appropriate secondary valuation methodology as it reflects prevailing market valuations and provides an objective indication of the said company's fair market value. We have adopted the Peer Analysis as the secondary approach to support and cross-check the findings of Precedent Transactions.
Discounted Free Cash Flow ("DCF") Analysis	DCF Analysis is an investment appraisal technique which considers both the time value of money and the projected net cash flow generated discounted at a specific discount rate to derive the company's valuation. We will **not be using DCF Analysis** due to Labuan Re's nature of business which is characterised by non-linear cash flows arising from claims volatility including catastrophic events and reserve movements. As a result, the predictability of future cash flows is limited, reducing the reliability of a DCF-based valuation.

For Precedent Transactions, we have adopted an asset-based relative valuation multiples i.e. P/TNAV multiples of the selected transactions for the Proposed Acquisition in deriving the implied equity valuation of Labuan Re.

It is pertinent to note that P/TNAV is adopted instead of the more commonly used PBR as past transactions for the insurance industry are usually reported using the P/TNAV valuation multiple.

The details of the relative valuation multiples adopted are as follows:

Valuation Multiple	Description
P/TNAV	P/TNAV is a valuation metric which compares a company's share price against its Tangible Net Assets Value. P/TNAV is a widely used valuation metric in the reinsurance industry, as an insurer's capacity to underwrite reinsurance risks is largely determined by its capital strength.

For the Peer Analysis, we have adopted PBR multiples of the selected Comparable Companies for the Proposed Acquisition in deriving the implied equity valuation of Labuan Re.

The details of the relative valuation multiples adopted are as follows:

Valuation Multiple	Description
PBR	PBR is a valuation metric which compares a company's share price against its NA. It can be useful to compare a company's PBR to that of its peers to gauge how much investors are willing to pay for relative to its NA

We have also considered earnings-based multiples such as P/E and EV/EBITDA and are of the view that they are not suitable to determine the fairness of the Initial Consideration for Proposed Acquisition as Labuan Re's business model is predominantly asset-intensive.

5.2.1 Precedent Transactions

We have considered precedent transactions involving acquisitions involving significant equity stake of more than 50.00%, in which the target companies are companies operating within the Reinsurance industry. In view of the international nature of reinsurance operations, the selection of precedent transactions was not limited by the jurisdiction of incorporation or principal place of business of the target companies. As such, the Precedent Transactions provides an indication of the range of relative valuation that was paid to acquire a majority equity stake in other companies.

In evaluating the fairness of the Initial Consideration relative to the Precedent Transactions, we have considered the P/TNAV of Labuan Re implied by the Initial Consideration and compared it to the P/TNAV of the selected Precedent Transactions ("**Precedents**"), based on their historical publicly available information.

The table below sets out the P/TNAV of the selected Precedents:

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Company [2](Target)	Year	Acquirer	Stake	[1]TNAV (USD million)	[1]Consideration (USD million)	P/TNAV (Times)
Asia Capital Reinsurance Private Ltd	2019	Catalina Holdings (Bermuda) Ltd	100.0%	763.0	655.0	0.86
Sirius International Insurance Group Ltd	2020	SiriusPoint Ltd	100.0%	905.8	788.0	0.87
Singapore Reinsurance Corporation Ltd	2021	Fairfax Asia Ltd	65.8%	142.8	112.8	0.79
PartnerRe Ltd	2021	Covéa Mutual Group Insurance Company	100.0%	7,200.0	9,000.0	1.25
Argo Group International Holdings Ltd	2023	Brookfield Reinsurance Ltd	100.0%	1,032.2	1,052.8	1.02
Treaty reinsurance business of Validus Re	2023	Renaissance Re Holdings Ltd	100.0%	2,100.0	2,985.0	1.42
Minimum						0.79
Average						1.04
Maximum						1.42
Labuan Re						[3]0.88

Notes:

(1) Source: S&P Capital IQ

(2) Target Companies operated in international markets similar to Labuan Re

(3) Implied P/TNAV of Labuan Re was derived from the Initial Consideration of USD100.69 million divided by the TNAV of Labuan Re based on the audited FYE 2024 TNAV of USD152.27 million (less dividend 2024 of USD9.00 million)

QuantePhi's commentaries:

Based on the relative multiples as detailed above, we note that the implied P/TNAV of Labuan Re based on the Initial Consideration of 0.88 times falls within the lower end of the minimum to maximum P/TNAV of the Precedents range of between 0.79 times to 1.42 times.

Premised on our evaluation above, we are of the view that the Initial Consideration for the Proposed Acquisition is fair.

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5.2.2 Peer Analysis

It is to be noted that in selecting Comparable Companies for evaluation of the Proposed Acquisition, we have considered global listed Reinsurance companies with reinsurance as principal source of revenue and those that operate in international markets as there is a lack of locally listed Reinsurance companies with adequately comparable business to Labuan Re. We have also selected Comparable Companies which have adopted MFRS17 or IFRS17 accounting standards, have latest audited NA of between RM200.0 million to RM1,500.0 million and which have reported two ('2') years' consecutive audited PAT like Labuan Re.

However, we wish to highlight that the Comparable Companies may not be exactly similar or directly comparable to Labuan Re in terms of amongst others, the reinsurance products, the composition of business activities, scale of business operations, financial position, geographical area, risk profile and capital structure.

Based on the above, it should be noted that the list of Comparable Companies is by no means exhaustive and it is only intended to provide a guideline for valuation of the Initial Consideration. The principal activities and market capitalisation of the Comparable Companies for the Proposed Acquisition as at the LPD are set out below: -

Comparable Companies(2)(3)(4)	Principal Activities	(1)Latest Audited NA RM million
Oman Reinsurance Company (**"Oman Reinsurance"**)	Principally involved in underwriting treaty and facultative reinsurance	446.00
Kuwait Reinsurance Company (**"Kuwait Reinsurance"**)	Principally involved in underwriting treaty and facultative reinsurance	1,435.15

Notes:

(1) Source: S & P Capital IQ;

(2) Given the relatively recent implementation of MFRS 17 (or its equivalent), with adoption timelines varying across jurisdictions and companies, together with the stringent nature of the selection criteria, the pool of suitable comparable companies is inherently limited;

(3) With respect to the other 36 reinsurers operating in Labuan as stated in Section 5.4.5 of the IAL, Kuwait Reinsurance Company is included as one of the Comparable Companies. The remaining reinsurers were not included as they did not satisfy the selection criteria set out above; and

(4) Malaysian Re is not considered as a comparable company as it is not listed on any stock exchange and due to its 20% equity interest in Labuan Re, with Labuan Re's results recognised as an associate company. Therefore, Malaysian Re is not considered as an independent market comparable.

In conducting the relative valuation multiple analysis, we have considered the PBR of Labuan Re implied by the Initial Consideration and compared them to the PBR of the selected Comparable Companies.

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The historical PBR of Comparable Companies for Proposed Acquisition as at the LPD is set out as below:

Comparable Companies	**'(1)(2) PBR (Times)**
Oman Reinsurance Company	(3)0.49
Kuwait Reinsurance Company	(4)0.78
Minimum	*0.49*
Average	*0.64*
Maximum	*0.78*
Labuan Re	*(5)0.66*

Notes:

(1) Source: S&P Capital IQ

(2) A 25% illiquidity discount has been applied to account for the lower marketability and liquidity of Labuan Re compared with publicly listed comparable companies. This discount falls within the range of discounts for lack of marketability observed in Damodaran's studies and reflects the reduced liquidity associated with a privately held entity as extracted in https://pages.stern.nyu.edu/~adamodar/pdfiles/country/illiquidity.pdf

(3) Derived from Oman Reinsurance's share price as at the LPD divided by its latest audited NA for the FYE 2025

(4) Derived from Kuwait Reinsurance's share price as at the LPD divided by its latest audited NA for the FYE 2025

(5) Implied PBR of Labuan Re was derived from the Initial Consideration of USD100.69 million divided by the BV of Labuan Re based on the audited FYE 2025 of USD189.54 million

QuantePhi's commentaries:

Based on the relative multiples as detailed above, we note that the implied PBR of Labuan Re based on the Initial Consideration of 0.66 times falls within the minimum to maximum PBR of the Comparable Companies of between 0.49 times to 0.78 times.

Premised on our evaluation above, we are of the view that the Initial Consideration for the Proposed Acquisition is fair.

5.3 Salient Terms of the SPA

Our commentaries on the salient terms of the SPA as extracted from Appendix II of the Circular, are as follows: -

Salient terms	**QuantePhi's commentaries**
1. Conditions Precedent *Completion is conditional upon satisfaction or waiver (as the case may be) of the following conditions precedent ("**Conditions Precedent**") by or before 6 months from the date of the SPA or such other date as may be mutually agreed by the Company and the Vendors (collectively, the "**Parties**") in accordance with the terms of the SPA ("**Long Stop Date**") ("**Unconditional Date**"):*	Following the Proposed Acquisition, Parties are expected to address impact to existing statutes or agreements such as amongst others, amendments to AoA and termination of the Shareholders' Agreement.

Salient terms	QuantePhi's commentaries
(i) the amendments to the existing AoA on terms satisfactory to the Company; *(ii) the waiver of any provisions in the Shareholders' Agreement which are not consistent with the transactions contemplated and/or to be implemented under the SPA;* *(iii) the termination of the Shareholders' Agreement;* *(iv) all regulatory approvals in writing required for Completion having been obtained from Labuan FSA, on terms satisfactory to the Company and pursuant to the LFSSA, in respect of:* *a) the transfer of the respective Sale Shares from each of the Vendors to the Company;* *b) the change of the person in control (as defined in Section 2 of the LFSSA) of Labuan Re;* *c) the change of the board of directors of Labuan Re (for those directors nominated by the Vendors only); and* *d) the amended AoA (unless the condition in Section 1(i) of this appendix is waived),* *provided that all documents required to be submitted to or filed with Labuan FSA shall be prepared by Labuan Re in the form agreed by the Company, and the Vendors shall, on a several and not joint basis, use reasonable endeavours to procure that all submissions to or filings with Labuan FSA are made by Labuan Re;* *(v) all regulatory approvals required for the indirect change of control of LRUL following Completion having been obtained from Lloyd's on terms satisfactory to the Company, provided that all documents required to be submitted to or filed with Lloyd's shall be prepared by Labuan Re or LRUL (each a "**Group Company**"), and the Vendors shall, on a several and not joint basis, use reasonable endeavours to procure that all submissions to or filings with Lloyd's are made by the relevant Group Company;* *(vi) written confirmation from Labuan Re to the Company that no material adverse effect has occurred to any Group Company during the period from the date of the SPA until the Completion Date (as defined in Section 2 of this appendix);*	We note that MNRB is exposed to regulatory risks, as it is required to comply with applicable regulatory requirements and obtain specific approvals where necessary, as outlined below: (i) Labuan Re was established in Labuan, hence it is mandatory to comply and obtain all necessary approvals from LFSSA; (ii) Labuan Re is a member of Lloyd's through LRUL and is required to comply with Lloyd's Bylaw, which includes obtaining written consent from Lloyd's in the event of a change in controller of the business; (iii) it is common for bondholders to request written consent from the bond issuer in respect of matters that could prejudice the interests of the bondholders; and (iv) given the transaction involves acquisition of material interest, MNRB would require written approval from BNM. In addition, we note that the Company must provide written confirmation of having obtained committed financing to provide assurance to the Vendors of the Company's ability to fulfil its payment obligations at Completion. Premised on the above, we are of the opinion that the Conditions Precedent are reasonable as it sets out the pre-requisites for the Proposed Acquisition to be completed.

Salient terms	QuantePhi's commentaries
(vii) written consent of RHB Bank (L) Ltd on terms satisfactory to the Company, (acting reasonably) being the holders of the callable cumulative denominated subordinated bonds of up to USD55.0 million in nominal value for (i) the change of Labuan Re's shareholding and ownership structure pursuant to the Proposed Acquisition; and (ii) to the extent required, the amendments in respect of the existing AoA of Labuan Re as contemplated in Section 1(i) of this appendix; *(viii) the passing of a resolution of the board of directors of each of the Vendors authorising amongst others:* *a) the Proposed Acquisition, which includes the sale of the relevant Sale Shares and the entry into and performance of the SPA;* *b) a nominated individual to execute the SPA on behalf of the relevant Vendor and to do all such other things as may be necessary for the purposes of the Proposed Acquisition; and* *c) any other actions or things that may be necessary to effect the Proposed Acquisition before Labuan FSA, and if required, other competent governmental authorities;* *(ix) the passing of a resolution of the Board authorising amongst others:* *a) the Proposed Acquisition, which includes the purchase of the Sale Shares and the entry into and performance of the SPA; and* *b) a nominated individual to execute the SPA on behalf of the Company and to do all such other things as may be necessary for the purposes of the Proposed Acquisition;* *(x) the passing of an ordinary resolution of the shareholders of the Company at the forthcoming EGM in respect of the Proposed Acquisition;* *(xi) approval of BNM for the acquisition by the Company of a subsidiary under Section 85 of the Financial Services Act 2013; and* *(xii) written confirmation from the Company having obtained committed financing, in an amount sufficient to pay the Balance Final Consideration to the Vendors on Completion.*	

Salient terms	QuantePhi's commentaries
2. Completion (i) *Completion date shall fall on a date as may be agreed upon between the Parties within 5 business days after the Unconditional Date ("**Completion Date**").* (ii) *At Completion, no Party shall be obliged to complete the sale and purchase of any of the Sale Shares unless the sale by all of the Vendors, and the purchase by the Company, of all of the Sale Shares are completed simultaneously in accordance with the SPA.*	We are of the opinion that these completion terms are reasonable as these are typical completion terms applicable to transactions of this nature.
***3.* Consideration** a) *Subject to Section 3(ii) of this appendix, the Initial Consideration for the purchase of the Sale Shares shall be the RM equivalent of USD100,689,242.02.* b) *The Balance Final Consideration shall be an amount equivalent to the Initial Consideration less the Deposit and any distributions paid by Labuan Re to the Vendors after 31 December 2024 and prior to the Completion Date, excluding the Dividend 2024.* c) *The Balance Final Consideration shall be translated into RM based on the middle rate of the Interbank Foreign Exchange Market in Kuala Lumpur as published by BNM on https://www.bnm.gov.my/latest-rates at 12:00 p.m. on the business day immediately preceding the date of the SPA.*	We note that the deposit payable to the Vendors represents 5% of the Initial Consideration. This is within the range observed for transactions of this nature. In addition, the Balance Final Consideration shall be satisfied in a single payment, upon Completion Date which is within five (5) Business Days after the Unconditional Date. Premised on the above, we are of the opinion that these consideration terms are reasonable.
4. Payment (i) *Upon execution of the SPA, the Company shall pay the Deposit to the Vendors, according to their respective shareholdings in Labuan Re.* (ii) *The Balance Final Consideration shall be satisfied through payment in RM by the Company in cash, to the Vendors, according to their respective shareholdings in Labuan Re, upon Completion.* (iii) *If the Company does not pay the Balance Final Consideration when due under the terms of the SPA, each of the Vendors shall, subject to the terms of the SPA, and in addition to all other rights or remedies available to each of the Vendors, including the right to claim for specific performance to compel the Company to perform its obligations to complete the sale of the Sale Shares in accordance with the SPA, be entitled to elect any of the following,to:*	We are of the opinion that these payment terms are typical payment terms applicable to transactions of this nature.

<table>
<tr><th>Salient terms</th><th>QuantePhi's commentaries</th></tr>
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a) *terminate the SPA (other than the surviving provisions under the SPA) without liability on the part of the Vendors;*

b) *effect Completion so far as practicable and to the extent permitted under applicable laws having regard to the defaults which have occurred; or*

c) *fix a new Completion Date (not being more than 10 business days after the Completion Date) provided that such deferral may only occur once.*

(iv) *If any of the Vendors does not deliver the required closing documents in accordance with the terms of the SPA, the Company shall, subject to the terms of the SPA, and in addition to all other rights or remedies available to the Company, including the right to claim for specific performance to compel each of the Vendors to perform its obligations to complete the sale of the Sale Shares in accordance with the SPA, to:*

a) *terminate the SPA (other than the surviving provisions under the SPA) without liability on the part of the Company;*

b) *effect Completion so far as practicable and to the extent permitted under applicable laws having regard to the defaults which have occurred; or*

c) *fix a new Completion date (not being more than 10 business days after the Completion Date) provided that such deferral may only occur once.*

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5. Termination

(i) *The SPA may be terminated (other than the surviving provisions under the SPA) prior to Completion:*

a) *if the Conditions Precedent have not been satisfied or waived on or before the Long Stop Date;*

b) *by each of the Vendors pursuant to Section 4(iii) of this appendix; or*

c) *by the Company pursuant to Section 4(iv) this appendix.*

(ii) *In the event the SPA is terminated pursuant to Section 5(i)(a) of this appendix due to the non-satisfaction of the Conditions Precedent set out in Sections 1(i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (x)*

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We note that the Vendors have the right to terminate the Agreement and to retain the deposit in the event of non-compliance by the Company pursuant to Section 5(i)(b) and Section 5(iii).

On the other hand, the Company has the right to terminate the SPA and to demand a refund of the deposit from the Vendors in the event of non-compliance by the Vendors, pursuant to Section 5(i)(c) and Section 5(ii).

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Salient terms	QuantePhi's commentaries
or (xi) of this appendix, the Deposit shall be refunded (free of interest) to the Company. *(iii) However, in the event the SPA is terminated pursuant to Section 5(i)(a) of this appendix due to the non-satisfaction of the Conditions Precedent set out in:* *a) Section 1(i), (ii), (iii), (iv), (v), or (vii) of this appendix, in each case due solely to the act, omission or delay of the Company;* *b) Section 1(ix) or (xii) of this appendix, on or before the Long Stop Date;* *c) Section 1(x) of this appendix, unless the Company can demonstrate that it has used its reasonable endeavours to convene the EGM in respect of the Proposed Acquisition within 90 days from the date of the SPA, subject to the Vendors acting reasonably in granting an extension of such 90-day period if the delay in convening the EGM is due to reasons beyond the Company's control; or* *d) Section 1(xi) of this appendix, unless the Company can demonstrate that it has used its reasonable endeavours to submit the application for approval from BNM within 30 days from the date of the SPA and any documents or clarifications required by BNM on a timely basis before the Long Stop Date,* *the Deposit shall be forfeited in favour of the Vendors as agreed liquidated damages, and thereafter neither Party shall have any further rights or claims against the other, save and except for any antecedent breach. Without prejudice to the indemnity given by the Company under Section 6 of this appendix, the forfeiture of the Deposit in favour of the Vendors shall be the sole and exclusive remedy available to the Vendors in respect of the relevant breach or termination event under Section 5(iii) of this appendix, and the Vendors shall not be entitled to claim or recover any further loss, damages, costs or other amounts from the Company.* *(iv) In the event the SPA is terminated:* *a) pursuant to Section 5(i)(b) of this appendix, the Deposit shall be forfeited in favour of the Vendors and the Vendors shall be entitled to retain the Deposit and such payment of the Deposit shall be the sole and exclusive remedy available to the Vendors in respect of the relevant breach or termination event, and the Vendors shall not be entitled to claim or recover any further loss,*	Premised on the above, we are of the opinion that these terms are reasonable as they are normal commercial terms to safeguard the interest of both Parties in the event the counterparty is in breach of their obligations.

Salient terms	QuantePhi's commentaries
damages, costs or other amounts from the Company; or *b) pursuant to Section 5(i)(c) of this appendix, the Deposit (free of interest) shall be refunded to the Company.*	
6. Third Party Litigation Indemnity and Undertakings *The Company agrees to provide an indemnity in favour of the Vendors in respect of any legal action or arbitration initiated by a third party against the Vendors arising from the Vendors' entry into the SPA, subject to a liability cap of RM2 million.*	These terms are negotiated between the Parties and mutually agreed as part of the overall commercial terms of the Proposed Acquisition. We note that the term: (i) represents a contingent liability and will only crystalise if there is a judgement of the court; (ii) capped at maximum liability amount of RM2.0 million; (iii) would not result in a material impact on the enlarged MNRB Group post-acquisition, and amounts to 0.05% and 0.23% of post-acquisition net assets and earnings, respectively; and (iv) clearly providing that the Vendors shall act in good faith to protect the Company's interests and ensure that the Company is not liable for any indirect or consequential losses. Premised on the above, we are of the opinion that the Third Party Litigation Indemnity and Undertakings terms are reasonable.

In addition to the salient terms highlighted in the Circular, our comments on the additional salient terms are set out below:

Salient terms	QuantePhi's commentaries
1. Costs a) *Each Party shall bear their own costs and expenses arising out of or in connection with:* (i) *unless otherwise provided for in the Definitive Documentation, the implementation of the matters provided for in the Definitive Documentation in relation to the Transaction; and* (ii) *any other matters concerning the Transaction, save and except for any stamp duty payable in connection with the purchase of the Sale Shares, which shall be solely borne by the Purchaser.* b) *The Purchaser shall bear its own costs and expenses, as well as the Vendors' costs and expenses from August 2025 arising out of or in connection with:* (i) *the preparation, negotiation and execution of the Definitive Documentation, including the legal fees, applicable tax and disbursements incurred for Messrs. Zaid Ibrahim & Co. in respect of the Transaction which shall not exceed RM130,000.00; and* (ii) *the additional advisory fees payable to MMC Securities Limited of 0.15% of Initial Consideration as a result of less than 85% of the shareholding in the company being sold. If any deduction or withholding is required by Law, the Purchaser shall gross up such amount as to ensure that MMC Securities Limited receives the same total amount.*	The arrangement for the Company to bear legal and advisory fees of the Vendors (**"Associated Costs"**) was negotiated between the Parties and mutually agreed as part of the overall commercial terms of the Proposed Acquisition. The fees agreed upon comprises a capped legal fee of RM0.13 million payable irrespective of transaction completion and a fixed advisory fee of approximately RM0.60 million payable only upon completion, thereby providing cost certainty with no open-ended exposure. In addition, the total Associated Costs are immaterial, as it represents less than 0.18% of the Initial Consideration. The costs are one-off in nature and are outweighed by the expected benefits to be derived from the Proposed Acquisition. Premised on the above, we are of the opinion that the payment terms, including all Associated Costs are reasonable.

Premised on the above, we are of the view that the salient terms and conditions for the Proposed Acquisition are considered <u>reasonable and not detrimental</u> to the interest of the non-interested shareholders of MNRB.

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5.4 Outlook, Overview and Prospect

5.4.1 Overview and outlook of the Malaysian economy

"The Malaysian economy remained resilient, recording a growth in real GDP of 5.4% (4Q 2025: 6.2%). The growth of Malaysia's economy in the first quarter of 2026 was supported by several factors such as the continued growth in household spending supported by firm labour market conditions and ongoing policy support, the resilient private investment underpinned by robust spending on structures, machinery and equipment, particularly for data centres as well as the export growth remaining firm driven by high demand for E&E products as well as travel and information and communication technology (ICT) services.

The continued expansion in domestic demand was driven by the private sector with private consumption and private investment remaining stable at 4.7% (4Q 2025: 5.6%) and 7.8% (4Q 2025: 9.2%), respectively while public consumption and public investment maintained at 4.1% (4Q 2025: 6.6%) and 5.3% (4Q 2025: 9.5%), respectively. On the supply side, the Malaysian economy was supported by annual growth in the services sectors, manufacturing sectors and construction sectors at 5.6% (4Q 2025:6.2%), 5.9% (4Q 2025:6.0%) and 7.7% (4Q 2025: 10.9%) respectively. The agriculture sector and mining sector reported annual changes of 2.6% (4Q 2025: 5.7%) and -2.1% (4Q 2025: 1.4%) respectively.

Malaysia's headline inflation rose to 1.6% (4Q 2025: 1.3%), reflecting some initial pass-through of higher global cost pressures, partly from the Middle East conflict. Electricity charges and fuel prices increased during the first quarter of 2026, which led to slower declines in electricity and fuel inflation. These upward pressures were partly offset by lower core inflation, which moderated to 2.1% (4Q 2025: 2.3%), mainly driven by lower inflation in food away from home and rental. Underpinned by solid domestic fundamentals, the ringgit appreciated despite escalations in geopolitical tensions and reduced expectations for policy rate cuts by the US Federal Reserve. As at 13 May 2026, the ringgit's year-to-date nominal effective exchange rate (NEER) appreciated by 2.9% against currencies of Malaysia's major trading partners and appreciated by 3.3% against the US dollar.

The growth projection of the Malaysian economy for 2026 is expected to be within the range of 4% − 5%, supported primarily by continued domestic demand and exports. The Malaysian economy outlook, however, is subject to uncertainties stemming from heightened global developments. The downside risks to the growth outlook of the domestic economy include the prolonged Middle East conflict, potential economic slowdown in key trading partners, higher cost of living as well as lower-than-expected commodity production. Additionally, the upside risks to Malaysia's growth outlook could arise from a better global growth outlook, increased inbound tourism as well as trade and investment diversion.

Headline inflation is projected to average within 1.5%–2.5% in 2026 and may trend closer to the upper end of the range. Following the Middle East conflict, higher global prices for energy and other key commodities are causing inflation to edge higher. Global commodity shocks affect domestic inflation directly via higher prices of imported consumer goods and energy related components linked to global benchmarks and indirectly through higher input costs that pass through domestic production chains before reaching final prices. The existing policy measures, such as targeted fuel subsidies, are expected to help limit near-term spillovers to broader inflation."

(Source: BNM Quarterly Bulletin 1Q 2026)

QuantePhi's commentaries:

Malaysia's economy expanded by 5.4% in the first quarter of 2026, exceeding the 5.3% growth projected by both the Department of Statistics Malaysia and Bloomberg. The stronger-than-expected performance was primarily attributable to sustained domestic demand and continued fiscal prudence by the Government, despite ongoing global uncertainties arising from the conflict in the Middle East. Although the prolonged conflict may exert upward pressure on energy prices, logistics expenses and production costs, Government initiatives, including the Budi 95 petrol and Budi Diesel subsidy programmes, have helped mitigate the impact on households and businesses.

Domestic demand increased by 5.2% during the quarter, supported by favourable labour market conditions, rising disposable incomes and continued government assistance programmes, including Sumbangan Asas Rahmah. Labour market conditions remained stable, with the unemployment rate at 2.9%, while inflation remained contained at 1.6%.

The Ringgit also continued to perform strongly relative to other regional currencies, supported by net foreign direct investment inflows amounting to RM22.8 billion during the first quarter of 2026. In addition, the Government announced RM15.0 billion in financing support for small and medium enterprises ("**SMEs**"), which is expected to further strengthen business activity and support economic growth.

(Source: Malaysia's Economy Grows 5.4% In Q1 2026, Outpacing Expectations Amid Global Uncertainty, MOF, 15 May 2026)

According to the Malaysia Investment Development Authority ("**MIDA**"), Malaysia secured RM92.8 billion in approved investments during the first quarter of 2026. Japan was the largest source of approved foreign investments, contributing RM21.5 billion, followed by China and the United States at RM10.1 billion each, Singapore at RM6.7 billion, and Thailand at RM2.5 billion. The investment performance reflects continued international investor interest in Malaysia as an investment destination.

The services sector accounted for the largest share of approved investments, amounting to RM60.8 billion, with the information and communications sector remaining the principal driver. Other significant contributors within the services sector included real estate, utilities, distributive trade, as well as the hotel and tourism industries. In addition, the United Nations Conference on Trade and Development identified Malaysia as one of the world's top ten destinations for data centre projects, highlighting the country's strengthening digital ecosystem and regional connectivity.

The manufacturing sector ranked as the second-largest recipient of approved investments, recording RM16.1 billion during the quarter. Key investment activities were concentrated in the electrical and electronics ("E&E"), chemicals and chemical products, machinery and equipment, food manufacturing, and transport equipment subsectors. These investments are expected to support industrial development and generate employment opportunities in Malaysia.

(Source: Malaysia Attracts RM92.8 Billion in Q1 2026 Approved Investments, Expected to Create Over 50,000 New Jobs; Domestic Investments Up 13%, MIDA, 8 Jun 2026)

5.4.2 Overview and outlook of the global economy

Despite facing considerable external uncertainties, global economic activity was stronger than expected in 2025 as global real GDP remained steady at 3.4% (2024: 3.3%) even as rising trade barriers and heightened policy uncertainty posed risks to the outlook. Growth in the US was supported by steady domestic demand, while the euro area continued its growth recovery as inflation moderated and monetary policy remained accommodative, although fiscal constraints and political uncertainties weighed on the pace of expansion. In China, frontloading of exports due to tariff concerns and targeted policy support helped to sustain growth, ensuring that the authorities' 2025 growth targets were met, despite ongoing weakness in the property sector and subdued consumer sentiment. Notably, global trade outperformed expectations with global trade growth at 4.2% (2024: 3.6%) as successful negotiations, product-specific exemptions and frontloading of shipments helped ease the impact of initial tariff developments. Strong technology-related demand, particularly the boom in AI related investments, lifted trade activity even as the earlier support from frontloading waned.

Global headline inflation moderated in 2025, supported by improving commodity supply conditions, the absence of excessive demand pressures and lower imported inflation as many currencies strengthened against the USD. Disinflation became more pronounced towards the second half of 2025 across most economies, reinforcing the downward global inflation trend. In the US however, earlier disinflation proved short-lived, as tariff pass-through effects became gradually more evident as 2025 progressed, particularly for durable goods.

Global financial conditions eased in 2025, supported by more accommodative monetary policy across major central banks, despite episodic volatility arising from uncertainty over US trade measures and shifting expectations about the global monetary policy rate path. Financial market sentiments weakened in early 2025 following sweeping US tariff announcements. This triggered a broad sell-off in risk assets, a weaker USD, and portfolio rebalancing towards alternative safe-haven assets. The subsequent tariff pauses and progress in trade negotiations helped stabilise markets, prompting a rebound in risk-taking activity. Towards the later part of 2025, synchronous monetary policy easing by major central banks reinforced the global shift towards more accommodative financial conditions. Against this backdrop, emerging markets experienced portfolio inflows alongside currency appreciation.

(Source: Economic and Monetary Review 2025 – Outlook and Policy in 2026, BNM)

The growth of the global economy is expected to expand at a more moderate pace in 2026. Headwinds from the conflict in the Middle East are expected to weigh on growth. Nevertheless, growth will continue to be supported by robust investment in technology and digitalisation, as well as supportive fiscal policies.

However, global trade growth is projected to trend lower, partly reflecting the high base effect in 2025 driven by frontloaded shipments and robust AI-related demand. The ongoing Middle East conflict is also expected to disrupt supply chains, keeping global trade growth below its historical average. This slowdown will be partly cushioned by sustained demand for E&E products, especially AI-related components, alongside structural drivers such as rising digitalisation.

Overall, risks to the global growth outlook are tilted to the downside from previous expectations following the escalation of the Middle East conflict. Downside risks to global growth could arise from a prolonged and more disruptive Middle East conflict that could further push up commodity prices, as well as potentially higher and more product-specific tariffs. Additionally, there are continued concerns over the elevated valuations in financial markets.

Upside risks to global growth would stem from stronger tech spending, milder tariff impact as well as larger policy support in major economies.

(Source: BNM Quarterly Bulletin 1Q 2026)

<u>QuantePhi's commentaries:</u>

According to the OECD Economic Outlook 2025, global economic growth remained resilient in 2025, with steady GDP expansion and stronger-than-expected trade performance supported by robust domestic demand, policy support, and continued investment in technology-intensive sectors, including digitalisation and AI-related industries, despite ongoing trade tensions and global uncertainty. *(Source: OECD Economic Outlook, Volume 2025 Issue 2, OECD, 2 December 2026)*

Inflation generally eased across most economies in 2025, although inflation in the United States remained more persistent relative to other advanced economies. Meanwhile, global financial conditions improved as monetary policy in several economies became more accommodative, contributing to a gradual easing of previously tight financial conditions.

Looking ahead to 2026, global growth is expected to moderate, with downside risks stemming from ongoing trade tensions and geopolitical uncertainty, while investment in technology and productivity-enhancing sectors, alongside supportive policy measures in some economies, provides partial offsetting upside support.

5.4.3 Overview and prospects of the insurance industry in Malaysia

"*The insurance and takaful sector remained resilient, supported by strong capital and liquidity positions. The aggregate capital adequacy ratio for the industry remained healthy at 225% in the second half of 2025 (June 2025: 223%), well above the regulatory minimum of 130.00%. Accordingly, aggregate capital buffers in excess of regulatory requirements also remained sound at RM43.8 billion (June 2025: RM41.8 billion).*

The overall profitability of life insurance and family takaful funds, as measured by excess income over outgo (EIOO), declined slightly to RM4.6 billion in the second half of 2025 (1H 2025: RM4.8 billion). Higher net unrealised gains from the recovery in the equity market were more than offset by a sharper increase in net underwriting losses, which rose to RM3.6 billion (1H 2025: RM0.9 billion; 2H 2024: RM3.2 billion). The increase in net underwriting losses was partly driven by seasonal factors such as lower premiums from the renewal of group policies, which typically occur in the first half of the year. Additionally, premium income continued to be affected by the interim measures implemented by the insurance and takaful industry to assist individuals who experienced premium revisions of their MHIT policies / certificates. The net underwriting losses were further compounded by higher medical payouts amounting to RM6.5 billion (1H 2025: RM5.7 billion; 2H 2024: RM6.2 billion) due to a rise in hospital admissions. Compared to the earlier half of 2025, hospital admissions rose across both individual and group medical policies following a spike in respiratory diseases such as influenza. A higher incidence of serious medical conditions and surgical procedures also contributed to the overall increase in medical utilisation.

New business premium in the second half of 2025 grew by 1.6% year-on-year (2H 2024: 4.6%; 2H 2023: 6.8%). This was attributed to slower growth in new business premium for investment-linked products. Sales of investment-linked products with MHIT riders continued to be weighed down by adverse sentiments surrounding them. Interest in investment-linked products also declined, reflecting weaker appetite for investments amid financial market uncertainties and competition from alternative savings products. Notwithstanding these pressures, overall new *business premium remained supported by steady contributions from the non-participating life insurance and ordinary family takaful segments.*

Operating profits of ITOs in the general insurance and takaful sector remained stable at RM1.9 billion in the second half of 2025 (1H 2025: RM1.9 billion; 2H 2024: RM1.9 billion). Despite softer bond investment performance, overall profitability was sustained by steady net underwriting income. The marginal increase in underwriting profits was primarily driven by the release of claims reserves, supported by higher third-party bodily injury claims settlements by general ITOs. The industry also recorded growth in motor premiums on the back of higher vehicle sales during the second half of 2025, partly supported by front-loaded demand for completely built-up electric vehicles ahead of the tax holiday expiry in December 2025. Despite the ongoing shift, the motor segment's net claims incurred ratio remained stable in the second half of 2025 at 68% (1H 2025: 70.3%; 2H 2024: 69%).

Looking ahead, the investment performance of ITOs will remain sensitive to financial market conditions amid global economic and policy uncertainties, including those arising from the recent conflict in the Middle East. The conflict could also trigger supply chain disruptions, which may weaken ITOs' underwriting performance by elevating claims costs. While the expansion of data centre infrastructure is driving higher insurance coverage needs, this growth is unfolding against a backdrop of increasing climate risks. More frequent and unpredictable climate events could heighten claims volatility and necessitate more robust risk management and underwriting practices. Meanwhile, growth in new business premium is likely to be affected by ongoing public concerns surrounding MHIT products. Against these pressures, ITOs are actively engaging the RESET Strategy to place MHIT on a more sustainable footing and are developing new product offerings targeted at niche market segments. Notwithstanding these headwinds, ITOs are expected to remain resilient, with capital buffers comfortably above regulatory requirements."

(Source: BNM Financial Stability Review 2H 2025)

QuantePhi's commentaries:

The insurance and takaful sector remain financially resilient, supported by strong capital buffers that help absorb risks arising from rising medical inflation and claims volatility. According to RAM Ratings Services Berhad ("**RAM Ratings**"), the sector's stable outlook is underpinned by robust capital positions despite earnings pressures from healthcare cost inflation and market volatility. *(Source: Stable outlook for insurance sector, The Star, 29 September 2025).* The World Bank highlights that increasing medical costs and utilisation rates continue to drive higher claims, placing pressure on medical and health insurance profitability. *(Source: Cost Drivers in Malaysia's Medical and Health Insurance/Takaful Sector: A First Look at the Centralized Claims Database, World Bank Group, 29 April 2026)* Growth remains supported by life insurance and family takaful segments, while investment-linked products are affected by financial market volatility and weaker investor sentiment. Overall, industry performance remains sensitive to investment market fluctuations and geopolitical risks, while policy initiatives such as the RESET Strategy aiming to revamp MHIT, enhance price, transparency, strengthen digital health systems, expand cost-effective healthcare option and transform provider payment mechanisms are expected to address long-term medical cost pressures. *(Source: Over 90% of medical, health insurance and takaful policies saw hikes below 10%, Insurance Asia, September 2025)*

In addition, Malaysia has seen rising demand for reinsurance and retakaful products amid sector expansion as set forth in Section 5.1 of the IAL. Against this backdrop, Malaysia is positioning itself to become a regional insurance and reinsurance hub, which is supported by BNM's plans to promote greater offering of insurance and takaful solutions to mitigate risks incurred by finance providers and firms.

The insurance and takaful industry, including reinsurers and retakaful providers, can contribute to economic growth and effective financial intermediation through the transfer of risk and mobilisation of funds. BNM will work with the industry to further diversify and increase risk protection solutions in the following areas:

(i) facilitate the provision of trade credit protection, as firms, especially SMEs are exposed to non-payment of goods and services, which can lead to financial losses or even insolvency. BNM believes that insurers and takaful operators can lower these risks through the offering of trade credit protection products and encourage the offering of specialised insurance and takaful products to manage risks in emerging growth areas. In the case of renewable energy projects, this includes protection against engineering deficiencies and the transportation of power generating equipment; and

(ii) reinsurance and retakaful industry to support the risk diversification needs of the domestic insurance and takaful market by promoting sufficient reinsurance and retakaful capacity, especially in critical protection areas that promote economic growth.

(Source: BNM's Financial Sector Blueprint 2022–2026).

5.4.4 Overview and prospects of the insurance industry in the Federal Territory of Labuan

"*The global insurance sector entered a moderating phase in 2025 amidst heightened geopolitical and policy uncertainties. Global premium growth eased to about 2%, reflecting slower momentum in both life and general segments, with Asia remaining as key contributor to underlying insurance demands. This is further supported by rising middle-income penetration, health protection needs and infrastructure-related coverage. In Asian markets, insurers also benefited from expanding protection gaps and growing adoption of digital distribution channels. Against this backdrop, insurers are expected to sharpen underwriting discipline, refine risk-based pricing and enhance capital efficiency. Meantime demands for reinsurance and alternative risk transfer solutions are expected to remain firm as insurers optimise balance sheets in an increasingly complex risk environment.*

In tandem, regulatory advancements continued, particularly in strengthening risk-based capital and solvency regimes alongside heightened focus on conduct, digital governance, cybersecurity and climate risk management. In addition, international coordination, including initiatives led by the International Association of Insurance Supervisors (IAIS), is further enhancing consistency in cross-border supervision.

There are currently 36 Reinsurers(1) in Labuan consisting of 30 General Reinsurers (9 with Islamic window), 4 Life Reinsurers with Islamic Windows, 1 General Retakaful Operator and 1 Family Retakaful Operator.

The Labuan insurance market outperformed in 2025, delivering expanded top line growth driven by sustained demand for reinsurance and captive solutions. Furthermore, continued liberalisation of Malaysia's insurance market is expected to further enhance Labuan's insurance intermediation and optimise its risk capacity for Asia's insurance demands.

In 2025, total gross premiums and contributions income grew from USD2.3 billion by 5.8% to USD2.5 billion, buoyed by both general insurance and life business' expanded top line. General and life sectors recorded 6.1% and 4.6% growth, respectively. General sector remained the sector's top line driver in 2025, exceeding USD2 billion mark. This is mainly driven by reinsurance and captive segments.

Insurance assets grew strongly to USD6.5 billion in 2025 from USD5.6 billion in 2024, representing a 17.8% increase. The asset increase is mainly driven by higher holdings of financial instruments and fixed deposits, aside from recognition of claims recoverability from reinsurers arising from new financial reporting requirements."

(Source: Labuan FSA Market Report 2025)

Note:

(1) The general reinsurers operating in Labuan are both regional and international reinsurance group reflecting the competitive nature of the Labuan reinsurance market. The presence of these global and regional reinsurance groups underscores Labuan's position as a significant reinsurance hub in Asia. Some of these reinsurers are operating in the same segments of Labuan Re and are part of publicly listed groups as follows:

No.	*Name of general reinsurer in Labuan*	*Description*
1	*General Insurance Corporation of India, Labuan Branch*	*An operating branch of General Insurance Corporation of India. The company is listed on Bombay Stock Exchange in India.*
2	*Korean Reinsurance Company Labuan Branch*	*An operating branch of Korean Reinsurance Company. The company is listed on the Korean Stock Exchange in South Korea.*
3	*SCOR Reinsurance Asia-Pacific Pte Ltd, Labuan Branch*	*An operating branch of SCOR Reinsurance Asia-Pacific Pte Ltd. The company is a subsidiary of SCORE SE which is listed on Euronext Paris in France.*
4	*Swiss Re International SE, Labuan Branch*	*An operating branch of Swiss Re International Se. The company is a subsidiary of Swiss Re AG, a company listed on the SIX Swiss Exchange in Switzerland.*

(Source: Management of MNRB)

QuantePhi's commentaries:

Despite a moderating global insurance growth environment, Asia remains a key demand driver creating sustained opportunities for MNRB in the regional reinsurance market. The increasingly complex risk environment is driving greater reliance on reinsurance for risk transfer among insurers, supporting sustained long-term demand for MNRB's core business, as highlighted in Allianz Global Insurance Report 2026. *(Source: Allianz Global Insurance Report 2026: The future of insurance in a fragmenting world, Allianz, 28 May 2026).*

In addition, Malaysia's policy objective of positioning Labuan as an international offshore financial centre integrated within the domestic financial system, with a strategic focus on developing niche segments such as insurance, reinsurance, and captive insurance to strengthen its role as a regional risk transfer hub *(Source: Labuan IBFC Strategic Roadmap 2022–2026)*. The expansion of Labuan and Malaysia's ongoing development as an international financial centre will strengthen its position as a regional reinsurance hub serving cross-border markets, providing MNRB with a stronger platform to capture regional reinsurance growth across Asia.

5.4.5 Prospects of Labuan Re

"As at the LPD, Labuan Re underwrites all classes of general reinsurance and general retakaful business whilst its wholly-owned subsidiary, LRUL, as a Lloyd's corporate member, invests in Lloyd's syndicates which underwrite both insurance and reinsurance business. Labuan Re generates revenue via three primary income streams comprising:

(i) premiums earned from reinsurance portfolios which operate across conventional and retakaful business;

(ii) participation in Lloyd's syndicates through LRUL; and

(iii) interest and dividend income from investment portfolios.

While global growth remained resilient in 2025, uncertainty surrounding supply chains, commodity prices, and capital flows has increased market volatility and reinforced the importance of diversification and regional resilience. As risks become more complex and regional exposures grow, reinsurance capacity remains strategically important, positioning the sector to benefit from both domestic expansion and increasing regional insurance demand.

Labuan Re has established a strong competitive position as one of the pioneer and one of the well-established regional general reinsurers operating in the jurisdiction. Labuan Re also operates a retakaful business since 2006, providing an established foundation from which to develop a more differentiated regional retakaful proposition. Through its participation in Lloyd's via LRUL, Labuan Re gains access to specialised underwriting expertise, broader international risk pools and business opportunities. The ability to offer both reinsurance and retakaful solutions, together with its regional underwriting expertise and international market access, strengthens Labuan Re's competitive positioning within the Labuan reinsurance market and support its ability to compete effectively across both segments.

As a general reinsurance and general retakaful operator in the Federal Territory of Labuan, Labuan Re has established itself as a scalable and future-ready platform that would enable our enlarged Group to grow with enhanced capability and to expand our overseas presence after the Proposed Acquisition.

Labuan Re has demonstrated continuing growth driven by the increase in PAT on a year-on-year ("YoY") basis in FYE 31 December 2024 (+10.92%) and in FYE 31 December 2025 (+83.76%), which represents a return on equity of 13.50% and 18.43% for the respective years.

	Audited FYE 31 December		**Audited FYE 31 December**	
	2023	**2024**	**[(1)]2024 Restated Comparative**	**[(1)] 2025**
	USD'000	**USD'000**	**USD'000**	**USD'000**
PAT	24,039	26,663	19,004	34,922
YoY of PAT (%)	-	10.92	-	83.76
Shareholders' funds/ NA	178,255	197,538	164,318	189,535
Return on equity (%)	13.49	13.50	11.57	18.43

Note:

(1) In FYE 31 December 2025, Labuan Re has implemented a voluntary change in the measurement model, transitioning from GMM to PAA. In accordance with MFRS 17 and MFRS 108, this change has been applied retrospectively.

As a testament to Labuan Re's prudent capital management approach, consistent investment returns and improved underwriting performance in recent years, A.M. Best reaffirmed Labuan Re's financial strength rating of A- (Excellent) and issuer credit rating of "a-".

*Nevertheless, the financial performance of Labuan Re for the financial year ending 31 December 2026 may be affected by the ongoing geopolitical confrontation involving Iran, the United States of America and Israel that began on 28 February 2026 ("**Middle East Geopolitical Issue**"). Our Company envisages that the impact arising from Labuan Re's reinsurance solutions offered to its cedents is mitigated as the reinsurance solutions underwritten by Labuan Re have war exclusion clauses and Notice of Cancellations for War, Strikes, Riot and Civil Commotion ("**WSRCC**") have been issued to manage exposures prudently.*

Notwithstanding the Middle East Geopolitical Issue, the Malaysian economy and global economies are expected to continue to grow in 2026. Our Board (save for the Interested Directors) is of the view that the Proposed Acquisition, which is envisaged to be strategically compelling, delivering value accretion while strengthening our enlarged Group's regional scale, capabilities and national role, may augur well for the growth prospects of our enlarged Group in the future. The Proposed Acquisition would enable our Company to support Malaysia's aspiration to build a leading regional reinsurance and retakaful operator in Asia, promoting Malaysia's profile in the regional and global insurance/takaful ecosystem. This would also strengthen our Company's domestic reinsurance capacity and reinforce national financial resilience.

It is part of our Group's business strategy to place Labuan Re and Malaysian Re in a position that would optimise our Group's competitive advantage. Our Company does not have any immediate plan to introduce any major changes to the existing businesses of Labuan Re upon Completion, save for the integration of the Labuan Re's business into our Group, including, amongst others, integration of relevant information technology systems, governance frameworks and operating processes. Our Company will also review potential portfolio realignment opportunities between Labuan Re and our Group, where appropriate, to enhance strategic fit, underwriting discipline and capital efficiency, subject to applicable regulatory requirements, business considerations and implementation readiness. Our Company recognises the contributions of Labuan Re's existing management team. Following the Proposed Acquisition and subject to our Company's assessment of resources requirements, our Company intends to leverage on the expertise and experience of Labuan Re's existing key personnel to ensure the continuity of the business operations of Labuan Re while our Company oversees and manages the integration process.

Barring any unforeseen circumstances, our Board (save for the Interested Directors) is of the view that the Proposed Acquisition is expected to contribute positively to the future financial performance of our Group, thereby enhancing the value of our Group for our shareholders."

(Source: Management of MNRB)

<u>QuantePhi's commentaries:</u>

As the first homegrown reinsurance company in Labuan, Labuan Re has established a strong brand presence and operating track record. Labuan Re also formed part of the Government's 1996 efforts to strengthen domestic underwriting capacity and retain reinsurance premiums within Malaysia by undertaking large and specialised risks in the region. *(Source: Minister of Finance Economic Report, 1996)* The subsequent recapitalization and participation by shareholders from major financial institutions, corporate groups, and utility companies further strengthened Labuan Re's capital base and expanded its business network, enhancing its institutional credibility.

In addition, Labuan Re was among the pioneers in offering a retakaful window in 2006. Currently, only 9 reinsurance companies in Labuan offer retakaful, providing Labuan Re with access to the growing Islamic insurance market. According to the Islamic Finance Development Index (IFDI) 2024, Malaysia has ranked first globally in Islamic finance for 12 consecutive years, positioning Labuan Re to capitalize on the country's well-developed Islamic finance ecosystem and growing demand for retakaful solutions compare to its international peers. *(Source: Economy Outlook 2026 – Belanjawan Minister of Finance).* Labuan Re's insurance and takaful contract revenue recorded a CAGR of 17.9% from 2023 to 2025, demonstrating strong growth momentum and highlighting its expanding presence and potential within the Islamic insurance market.

Apart from retakaful, Labuan Re has diversified its revenue streams, comprising general reinsurance, Lloyd’s participation, and recurring investment income. With Labuan Re as a scalable platform based in Labuan, the Proposed Acquisition is expected to enhance MNRB’s underwriting capabilities and expand its regional footprint, with Labuan Re’s consistent revenue growth, stable profitability and sustained returns especially for the past 3 audited financial years reflecting disciplined underwriting and investment performance.

Labuan Re’s AM Best A- rating underscores its strong balance sheet strength, adequate operating performance, neutral business profile and appropriate enterprise risk management. *(Source: AM Best Affirms Credit Ratings of Labuan Reinsurance (L) Ltd, Ambest, 31 October 2025)* Post-acquisition, MNRB’s growth is expected to be driven by talent development, strengthened underwriting and diversification into specialty lines.

While Labuan Re holds a significant portfolio of financial securities exposed to geopolitical and market volatility, the impact on underwriting performance is mitigated through war exclusion clauses embedded in reinsurance contracts. In addition, the alignment of MNRB's and Labuan Re's portfolios, together with the contribution of the existing management team should enable MNRB to leverage the strengths of both portfolios, optimise risk allocation, and achieve operational synergies.

In terms of financial performance, Labuan Re’s insurance/takaful contract revenue has recorded average growth of 19.18% from FYE 2023 to FYE 2025. Further, PAT margin averaged at 15.90% for the past 3 audited financial years.

Overall, the Proposed Acquisition is expected to enhance earnings, improve capital deployment in reinsurance operations, and strengthen MNRB’s competitive regional position.

Premised on the general positive overview and outlook of the Malaysian economy, global economy and the insurance industry in Malaysia, overview and prospects of the insurance industry in the Federal Territory of Labuan; and the prospect of Labuan Re, we are of the opinion that the outlook, overview and prospects of the Proposed Acquisition are <u>reasonable.</u>

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5.5 Risk Factors associated with the Proposed Acquisition

Our commentaries on the risk factors of the Proposed Acquisition, as extracted from Section 5, Part A of the Circular, are as follows: -

Risk factors	QuantePhi's commentaries
(i) Operation Risk *"The Proposed Acquisition is expected to introduce incremental exposure to certain key operational risks including the following:* *(i) higher exposure to catastrophe, flood, and property-related perils portfolio risk as Labuan Re has higher underwriting concentration of these policies;* *(ii) higher level of credit risk through Labuan Re's retrocessionaire exposure, reinsurance recoverables, and insurance receivable ageing; and* *(iii) higher foreign exchange risk as Labuan Re writes a material proportion of international reinsurance business, with premium inflows, claims outflows, and asset holdings denominated in multiple foreign currencies such as USD, Great Britain Pounds, Euro and selected Asian currencies.* *Despite a higher exposure to the above operational risks among others, the Proposed Acquisition does not introduce new or unfamiliar risk types to our Group, and these risks remain fully manageable within our Company's existing capabilities such as actuarial reserving discipline, catastrophe aggregation monitoring, stress-testing frameworks, expected credit loss provisioning, retrocessionaire rating assessments, and monitoring of overdue balances."*	We note that the integration of the Proposed Acquisition may expose MNRB to higher risks due to differential in portfolio risk, credit risk and foreign exchange risk from international business. While the Board has indicated that these risks are familiar and manageable within MNRB's existing capabilities, they could still be exposed to adverse outcomes such as fluctuating profitability and translation losses on earnings. We note that the MNRB's management intends to proactively monitor their risk exposures and continuously enhance their risk management framework to ensure they remain appropriate, robust and responsive to evolving integration, operational and external risks.
(ii) Completion risks *"Completion is conditional upon the conditions precedent being fulfilled or waived as set out in Section 1 of* ***Appendix II*** *of this Circular, which include conditions that are beyond our Company's control such as the approval of our Company's non-interested shareholders for the Proposed Acquisition. In the event any of the conditions precedent is not fulfilled or waived by the time period stipulated in the SPA and/or extension of time is not agreed upon between the parties and/or the parties are unable to perform their obligations in accordance with the terms of the SPA, the Proposed Acquisition will not be completed and the potential benefits arising from the Proposed Acquisition as*	We note that the completion of the Proposed Acquisition is subject to the fulfilment of certain Conditions Precedent, including approvals which are beyond the control of MNRB. Such completion risk is inherent in transactions of this nature

Risk factors	QuantePhi's commentaries
disclosed in Section 3 of Part A of this Circular will not materialise. *Nevertheless, our Board will take reasonable measures to ensure that the conditions precedent are fulfilled within the time period stipulated in the SPA to ensure Completion.* *Our Board has put in place structured processes to facilitate the fulfilment of the conditions precedent, including the establishment of a dedicated transaction oversight framework supported by defined responsibilities, timelines and monitoring mechanisms. Engagement with relevant stakeholders, including shareholders and regulatory authorities, will be initiated to support the approval process. The SPA also provides for cooperation between the parties to the SPA in relation to the fulfilment of the conditions precedent and includes provisions to address timing considerations, where appropriate. Progress is expected to be monitored on an ongoing basis, with key developments escalated to our senior management and our Board as necessary."*	While the Board has indicated its intention to take reasonable mitigation measures to facilitate fulfilment, completion remains subject to approvals and decisions by external stakeholders, which introduces uncertainty around the timing and outcome of the transaction. However, the risk is considered manageable as it can be mitigated through the MNRB's management's timely updates to the Board on any material developments or potential delays that may impact the completion timeline of the Proposed Acquisition.
(iii) Contractual Risks *"Our Company has given warranties and indemnities as set out in the SPA. In this respect, our Company may be subject to claims in accordance with the terms of the SPA for the breach of any warranties given pursuant to the SPA.* *Our Board and the management of our Company will endeavour to ensure compliance with its obligations under the SPA to minimise the risk of any breach of the warranties given under the SPA."*	We note that the Company has provided certain warranties and indemnities under the SPA and may be subject to claims in the event of any breach. Such contractual obligations are customary in share sale and purchase agreements. We note that MNRB's management intends to mitigate this risk through robust compliance monitoring processes to minimise the risk of warranty breaches.
(iv) Integration Risks *"The Proposed Acquisition may potentially expose our Group to risks relating to the integration of Labuan Re's business, including integration efforts across systems, governance frameworks, operating processes and corporate culture. Where Labuan Re's legacy structures, underwriting portfolios or operating practices do not fully align with our Company's operating model, integration friction may arise, which could manifest in disruptions to business-as-usual operations.*	The Proposed Acquisition may expose MNRB to integration risks, including operational and systems integration. Such risks are typical in acquisition exercises.

Risk factors	QuantePhi's commentaries
Our Company will ensure that the integration is appropriately managed to avoid any adverse impact on the operational performance and existing business relationships of Labuan Re."	We note that differences in Labuan Re's and MNRB's organisational structures, underwriting portfolios and operating practices may result in integration challenges and temporary operational disruptions during the early stage of integration. We note that MNRB's management can mitigate these risks through active monitoring of the integration process and by leveraging the combined expertise and knowledge of Labuan Re and MNRB.
(v) Fair value assessment at Completion *"Upon our Company having management control and consolidating Labuan Re's financial results after the Proposed Acquisition, our Company may recognise goodwill or a gain on bargain purchase depending on the fair value assessment at Completion. The goodwill or bargain purchase gain amount, subject to completion-date fair value assessment and purchase price allocation exercise, will depend on the fair value of Labuan Re's identifiable assets (including intangible assets, if any) and liabilities acquired as at the Completion Date. Any subsequent fair value adjustments allocated to the identifiable assets acquired and liabilities assumed as well as the effects of the amortisation of intangible assets, if any, arising from the Proposed Acquisition may materially affect our Company's financial performance.* *Additionally, any impairment on the carrying amount of the intangible assets arising from the Proposed Acquisition (if any) as a result of impairment tests may also materially affect our Company's future financial performance. Notwithstanding the foregoing concerns, our Company will continuously monitor the performance and cash flow of Labuan Re to ensure that the goodwill (if any) is supported by the cash flow of the relevant cash generating units at all times."*	The Proposed Acquisition is subject to fair value assessment at completion which might cause potential financial impacts arising from goodwill recognition and impairment. Such risks are typical in acquisition exercises However, these risks are considered manageable, as the consolidation of Labuan Re is expected to be earnings accretive.

Risk factors		QuantePhi's commentaries
(vi)	**Financing Risks** *"Our Company is proposing to partly finance the cash consideration via external borrowings. Furthermore, our Company will also be required to consolidate the existing borrowings of Labuan Re, resulting in higher borrowing levels for our enlarged Group. As illustrated under Section 6.2 of Part A of this Circular, the total borrowings of our Group are expected to increase from RM670 million to RM1,142.53 million following Completion, with our gearing ratio increasing from 0.17 times to 0.28 times which is at acceptable levels.* *Our Company will continue to monitor and review our debt portfolio, taking into consideration the gearing level, interest costs as well as cash flows in achieving an optimal capital structure, as well as ensuring compliance with the debt covenants of our financing facilities and regulatory requirements."*	The Proposed Acquisition will be partially financed by borrowings, which will result in an increase in the gearing level of the enlarged Group. Such risks are typical where acquisitions are part financed through debt such as the issuance of commercial paper. In addition, MNRB's gearing level is expected to increase due to Labuan Re's existing borrowings of RM222.53 million in FYE2025. We note that the Company intends to actively monitor its capital structure and debt portfolio to ensure continued compliance with financing covenants and regulatory requirements. Its current gearing level remains lower than the threshold of 0.50 times prescribed by RAM Ratings to maintain the rating.
(vii)	**Acquisition risk and synergy realisation risk** *"Although our Board believes that the Proposed Acquisition is expected to contribute positively to our Group after taking into consideration the rationale and anticipated benefits as disclosed in Section 3 of Part A of this Circular and the proposed funding arrangement in Section 2.6 of Part A of this Circular, there is no assurance that the anticipated benefits of the Proposed Acquisition will be realised in the future or that our Group will be able to generate sufficient returns arising from the Proposed Acquisition to offset the associated acquisition costs incurred in relation to the Proposed Acquisition.* *Additionally, our Group's ability to realise the anticipated benefits of the Proposed Acquisition will depend on various factors, including our ability to effectively integrate Labuan Re's operations, align strategic priorities across our enlarged Group, and execute the targeted business model which includes identifying and consolidating certain shared services functions to achieve cost synergies and operational efficiencies as well as portfolio rebalancing initiatives. There can be no assurance that our Group will be able to achieve the intended financial returns, synergies or revenue growth envisaged.*	We note that there is no assurance that the anticipated benefits of the Proposed Acquisition will be fully realised and that the Proposed Acquisition will be earnings accretive, which is a common risk associated with any acquisitions. Nonetheless, the bargain purchase gain arising from the Proposed Acquisition of RM216.98 million provides a margin to safety, helping to mitigate potential downside risks. We further note that the Board has undertaken due consideration of the potential risks and benefits, including the prospects of Labuan Re and the experience of its management team.

Risk factors	QuantePhi's commentaries
Furthermore, our Group operates in a highly competitive global reinsurance market. Upon Completion, our Company will, inter-alia, increase our exposure to the reinsurance industry. Consequently, our enlarged Group would be exposed to a larger degree of the market conditions within and risks inherent in the ordinary course of business relating to the reinsurance industry, which is subject to evolving geopolitical, macroeconomic and regulatory developments. These include changes in trade dynamics, sanctions regimes, cross-border regulatory requirements, economic conditions (including catastrophe and climate risks) and cybersecurity threats, which may impact market access, pricing adequacy, capital flows and the ability to deploy capacity efficiently. Thus, upon Completion, our enlarged Group, as we expand overseas, may face differing regulatory expectations, legal frameworks and competitive dynamics across jurisdictions, and may not be able to compete effectively or secure business opportunities on commercially acceptable terms or at all. The performance of our Company's share price on the Main Market of Bursa Securities is also closely tied to investors' sentiments and the financial performance of our enlarged Group. *Nevertheless, our Board has exercised due care in considering the potential risks and the benefits associated with the Proposed Acquisition. Our Group intends to adopt a phased integration approach, taking into account business considerations, financial capacity and operational practicality.* *Accordingly, our Board, through its oversight role, will closely monitor performance, strategic alignment and execution of the post-acquisition strategy, particularly during the initial years following integration, to ensure that the strategic objectives of the Proposed Acquisition are achieved and that any emerging issues are identified and addressed in a timely manner. Our Company will also perform an updated assessment of the financial position and operations of our Group upon the successful completion of the Proposed Acquisition."*	We note that MNRB's management intends to manage this risk through establishing clear post-acquisition performance Key Performance Indicator, including tracking of financial performance and conduct periodic post-completion review.

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Apart from the risk factors associated with the Proposed Acquisition as highlighted above, the non-interested shareholders should also carefully consider the following risk factor: -

(i) Regulatory Risks

The Proposed Acquisition is subject to approvals from regulatory authorities Consequently, the regulatory authorities may impose conditions that could affect Completion or operational structure post-acquisition.

We note that the risks associated with the Proposed Acquisition are the typical risks associated with transactions of this nature.

The non-interested shareholders of MNRB are advised to give due and careful regards to the risk factors as set out in Section 5, Part A of the Circular and are reminded that although measures may be taken by the management to limit all highlighted risks, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material adverse impact on the business and financial performance of MNRB.

Premised on the above, we are of the view that the risk factors associated with the Proposed Acquisition are considered reasonable.

5.6 Effects of the Proposed Acquisition

Our comments on the effects of the Proposed Acquisition as disclosed in Section 6, Part A of the Circular are as follows: -

Effects of the Proposed Acquisition on:	QuantePhi's comments
Share Capital and Substantial Shareholders' Shareholdings	We noted that the Proposed Acquisition will not have any effect on MNRB's issued share capital and substantial shareholders' shareholding as it does not involve any issuance of new MNRB Shares.
NA per MNRB Share and Gearing	**NA per MNRB Share** We note that on a proforma basis, upon the completion of the Proposed Acquisition, the NA is expected to increase from RM3,885.88 million to RM4,096.37 million after taking into consideration the gain arising from the Proposed Acquisition of RM216.98 million, estimated expenses of the Proposed Acquisition of RM6.50 million and the loss in reclassification of foreign exchange translation reserve of RM16.35 million. Consequently, the NA per MNRB Share is also expected to increase from RM4.96 to RM5.23. **Gearing** On a proforma basis, the Proposed Acquisition is expected to increase the gearing level of the Group from 0.17 times based on the latest audited consolidated financial statements for the FYE 2026 to 0.28 times, arising primarily from consolidation of Labuan Re's debt of RM222.53 million and new financing to partly finance the Proposed Acquisition amounting to RM250.00 million.

Effects of the Proposed Acquisition on:	QuantePhi's comments
	(i) Financing Method As stated in Section 2.6 of the Circular, as part of MNRB's treasury funding strategy, the issuance of CP is intended to bridge the short-term liquidity requirements arising from the Proposed Acquisition. The key differences between a CP and direct borrowings from financial institutions are as follows: (a) CP issuance requires approximately three months to establish, whereas the timeline for direct borrowings varies depending on negotiations and the internal approval processes of the respective financial institutions; (b) CP issuance requires the appointment of advisers, preparation of documentation, lodgement with the Securities Commission Malaysia ("**SC**"), and investor marketing, whereas direct borrowings do not require lodgement with the SC or investor marketing; (c) CP allows multiple issuances and drawdowns throughout the programme tenure, whereas direct borrowings generally require fresh approvals and documentation for each new financing facility; (d) CP offers greater flexibility in terms of the timing, amount and tenure of each issuance and drawdown, whereas direct borrowings are generally subject to fixed facility terms; (e) CP is funded by a broader investor base, whereas direct borrowings are typically sourced from one or a limited number of financial institutions; and (f) CP funding costs are market-driven, whereas direct borrowings are generally priced based on the lending institution's cost of funds plus an applicable credit spread. In this regard, the CP programme provides MNRB with a flexible and diversified funding platform to meet its funding requirements arising from the Proposed Acquisition. While the initial establishment of the programme requires the appointment of advisers, preparation of documentation, lodgement with the SC, and investor marketing activities, subsequent issuances can be undertaken efficiently without the need to renegotiate financing terms or obtain fresh approvals from financial institutions. The programme also enables MNRB to issue and draw down only the amount required, at the desired timing and tenure, up to the approved programme limit and tenure. In addition, CP's market-based pricing may provide competitive funding costs compared with conventional bank borrowings.

Effects of the Proposed Acquisition on:	QuantePhi's comments

ii) **Gearing Position Against Industry Peers**

Relative to peer companies, MNRB's gearing ratio appears to be comparatively higher mainly due to its relatively higher level of borrowings.

The following table shows the gearing level for MNRB's peers, as extracted from their respective FYE 2025 Annual Reports.

Industry Peers (1)(2)	Gearing Ratio (times)
International General Insurance Holdings Ltd.	- (3)
Pozavarovalnica Sava, d.d.	0.18
Arab Insurance Group (B.S.C.)	- (3)
Kenya Reinsurance Corporation Limited	- (3)
Saudi Reinsurance Company	0.03
Kuwait Reinsurance Company	- (3)
Average Gearing	0.04

Notes:

(1) The above Industry Peers were selected due to their reinsurance exposure, offering relevant benchmarks for gearing. There is no comparable peer for MNRB in Malaysia hence global peers have been selected based on industry peers that have adopted IFRS 17 with total equity between RM1.0 billion and RM 6.0 billion;

(2) The peer companies listed on the stock exchanges within the Asia Pacific region as set out under Section 2.4.2 of the Main Circular were not selected because they continue to adopt MFRS 4 or its equivalent accounting standards based on their latest audited reports as at the Announcement LPD. However, MNRB has adopted MFRS 17 in its latest audited financial statements, which means the comparison of gearing levels between companies applying different accounting standards may not provide a meaningful or fair comparison, given the potential differences in the recognition, measurement, and presentation of the financials; and

(3) Negligible, less than 0.001 times.

Based on the above, we note that MNRB's pre-acquisition gearing level of 0.17 times is already higher compared to peer companies globally, with average gearing of 0.04 times.

We understand from MNRB's management that the high gearing ratio is primarily driven by Tier 2 capital financing raised as part of the Company's capital management strategy to support regulatory capital adequacy including meeting both the 130.00% STCL and the ITCL requirements under BNM's RBC framework. The Tier-2 Capital financing is considered quasi-equity in nature.

In addition, the Group's post-acquisition gearing of 0.28 times is still below the maintenance threshold of 0.50 times set by RAM Ratings for MNRB's AA3-rated Sukuk Murabahah Programme indicated in the press release published on 3 April 2026. Therefore, the rating for MNRB's

Effects of the Proposed Acquisition on:	QuantePhi's comments
	borrowings is expected to be maintained if its gearing is kept below 0.50 times. In this context, although the Proposed Acquisition results in an increase in gearing, the gearing level post-acquisition level remains within acceptable thresholds.
Earnings and Earnings per Share	We noted that on a proforma basis the Proposed Acquisition is expected to be earnings accretive and contribute positively to the Group's earnings and EPS. The Company's consolidated PAT is expected to increase from RM544.68 million to RM855.75 million after considering the estimated financing costs of RM9.50 million, estimated expenses of RM6.50 million and the loss on deemed disposal of associated company (being the 20.00% equity interest held indirectly by MNRB in Labuan Re) of RM16.35 million for the Proposed Acquisition. The increase in earnings and earnings per share is mainly attributable to the bargain purchase gain of RM216.98 million arising from transaction. It is further enhanced by the consolidation of Labuan Re's full earnings, as MNRB will increase its stake to 100.00% (combining direct and indirect equity interest), compared to previously recognising only 20.00% of Labuan Re's share of PAT. Consequently, as there is no new issuance of MNRB Shares from the Proposed Acquisition, the EPS of MNRB is expected to increase from RM0.70 per share to RM1.09 per share.
Convertible Securities	We note that as at the LPD, the Company does not have any outstanding convertible securities.

Premised on the above, we are of the view that the effects of the Proposed Acquisition are <u>reasonable and not detrimental</u> to the interest of the non-interested shareholders of MNRB.

6. FURTHER INFORMATION

Non-interested shareholders are advised to refer to Part A of the Circular and the appendices thereof for further information.

7. QUANTEPHI'S OPINION

We have assessed and evaluated the Proposed Acquisition and our evaluation is set out in Section 5 of this IAL. Non-interested shareholders of MNRB are advised to consider the merits and demerits of the Proposed Acquisition based on all relevant and pertinent factors including those set out in this IAL and Part A of the Circular as well as other publicly available information prior to deciding to vote on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM.

In our evaluation of the Proposed Acquisition and in arriving at our opinion, we have taken into consideration various factors which are summarised as follows: -

Section in the IAL	Area of Evaluation	Comments
Section 5.1	Rationale for the Proposed Acquisition	The Malaysia insurance and takaful market remained underserved with surge in demand for protection from expanding sectors such as renewable energy and data centres. The Proposed Acquisition enables MNRB to capture the rising demand through larger underwriting capacity and operational efficiency through shared support function, governance and expertise in risk management. The Proposed Acquisition is strategically aligned with Malaysia's national agenda to strengthen its position as a regional insurance and reinsurance hub and enables MNRB to leverage on Labuan's role as an internationally recognised offshore financial centre. MNRB's current operations remain substantially concentrated in Malaysia and regional markets. The Proposed Acquisition enables MNRB to leverage on Labuan Re's internationally diversified underwriting portfolio, thereby enhancing geographical diversification. In addition, the Proposed Acquisition broadens MNRB's exposure to higher-premium specialty reinsurance markets through Lloyd's, facilitating earnings diversification and expansion of MNRB's product mix. The Proposed Acquisition reflects a discount compared to average P/TNAV of precedent transactions and Labuan Re's book value. The bargain purchase gain arising from the Proposed Acquisition is expected to increase the Group's net assets, thereby strengthening its capital base and enhancing underwriting capacity. The Proposed Acquisition is expected to be earnings accretive upon full consolidation of Labuan Re's financial results. EPS is expected to increase from RM0.70 to RM1.09 per MNRB Share, representing a 55.71% uplift. **Premised on the above, we are of the opinion that the rationale for the Proposed Acquisition is reasonable.**
Section 5.2	Evaluation of the Initial Consideration for the Proposed Acquisition	**Basis and justification for the Initial Consideration** In evaluating the Initial Consideration, we have adopted the Precedent Transactions as the primary approach and Peer Analysis as the secondary approach.

Section in the IAL	Area of Evaluation	Comments
		The Precedent Transactions approach is appropriate given it compares the transaction multiples against other recent comparable transactions undertaken by listed companies that are similar in nature and industry reflecting actual deal multiples of past transaction. The Peer Analysis approach provides an additional valuation perspective by benchmarking the implied PBR multiples against listed peers in the reinsurance industry. In both cases, the Initial Consideration is supported by reasonable valuation range. We have reviewed the methodology, assumptions, and data used in deriving the Precedent Transactions and Peer Analysis and are satisfied that they are consistent with generally accepted valuation practices for transactions of this nature. **Premised on the above, we are of the opinion that the Initial Consideration of USD100.69 million for the Proposed Acquisition is fair.**
Section 5.3	Salient terms of the SPA	The salient terms of the SPA as set out in Appendix II, Part A of the Circular are mutually agreed upon between respective parties pursuant to the Proposed Acquisition. **We are of the view that the salient terms of the SPA are reasonable and not detrimental to the non-interested shareholders of MNRB.**
Section 5.4	Industry Outlook and Prospects of the Proposed Acquisition	Based on the general positive overview and outlook of the Malaysian economy, global economy and the insurance industry in Malaysia; overview and prospects of the insurance industry in the Federal Territory of Labuan; and the prospects of Labuan Re, **we are of the opinion that the overview, outlook and prospects of the Proposed Acquisition are reasonable.**
Section 5.5	Risk factors associated with the Proposed Acquisition	We note that the risks associated with the Proposed Acquisition are the typical risks associated with transactions of this nature. The non-interested shareholders of MNRB are advised to give due and careful regard to the risk factors as set out in Section 5, Part A of the Circular and are reminded that although measures may be taken by the management to limit all the highlighted risks, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material adverse impact on the business and financial performance of MNRB.

Section in the IAL	Area of Evaluation	Comments
Section 5.6	Effects of the Proposed Acquisition	We note that: - **Share Capital and Substantial Shareholders' Shareholding** (i) The Proposed Acquisition will not have any effect on MNRB's issued share capital and substantial shareholders' shareholding as it does not involve any issuance of new MNRB Shares. **Net Assets and Net Assets per MNRB Share** (i) On a proforma basis, the Proposed Acquisition is expected to increase the Net Assets of the Group from RM3,885.88 million to RM4,096.37 million. Consequently, on a proforma basis, the Net Assets per MNRB Share is expected to increase from RM4.96 to RM5.23 mainly due to the bargain purchase gain of RM216.98 million. **Gearing** (i) On a proforma basis, the Proposed Acquisition is expected to increase MNRB's gearing ratio from 0.17 times to 0.28 times upon completion of the Proposed Acquisition. The increase is mainly driven by additional financing to fund the Initial Consideration, as well as the consolidation of Labuan Re's borrowings. (ii) As part of MNRB's treasury funding strategy, the issuance of commercial papers ("**CP**") is intended to bridge the short-term liquidity requirements arising from the Proposed Acquisition. The CP programme provides MNRB with greater flexibility in terms of drawdown amount, tenor, timing of the initial issuance, and subsequent issuances, while offering competitive funding rates based on prevailing market pricing. (iii) We note that MNRB's gearing was relatively higher than its peers' prior to the Proposed Acquisition. We understand from the management of MNRB that the elevated gearing ratio was primarily attributable to Tier 2 capital financing raised as part of the Company's capital management strategy to support regulatory capital adequacy including meeting both the 130.00% Supervisory Target Capital Level ("**STCL**") and the Internal Target Capital Level ("**ITCL**") requirements under BNM's Risk-Based Capital ("**RBC**") framework. The Tier-2 Capital financing is considered quasi-equity in nature.

Section in the IAL	Area of Evaluation	Comments
		(iv) Following the Proposed Acquisition, MNRB's gearing ratio is expected to increase to 0.28 times, which remains comfortably below the RAM Ratings' rating threshold of 0.50 times to maintain MNRB's Sukuk Murabahah Programme AA3 rating. **Earnings and EPS** (i) On a proforma basis, the Proposed Acquisition is expected to increase the earnings of the Group from RM544.68 million to RM855.75 million. Consequently, on a proforma basis, the EPS is expected to increase from RM0.70 to RM1.09 mainly due to the bargain purchase gain of RM216.98 million and the full consolidation of Labuan Re's PAT. **Premised on the above, we are of the view that the effects of the Proposed Acquisition are reasonable and not detrimental to the interest of the non-interested shareholders of MNRB.**

Premised on the foregoing and our overall evaluation and assessment of the Proposed Acquisition based on the information available to us up to the LPD, we are of the opinion that, taken as a whole, the Proposed Acquisition is fair and reasonable and is not detrimental to the interest of the non-interested shareholders of MNRB.

Accordingly, we **recommend that the non-interested shareholders of MNRB to vote in favour** of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

Yours faithfully,
For and behalf of
QUANTEPHI SDN BHD

RIFQY NASIS
Executive Director

INFORMATION ON LABUAN RE

1. HISTORY AND BUSINESS

Labuan Re was incorporated on 14 September 1992 in the Federal Territory of Labuan, Malaysia as a private limited company under the Offshore Companies Act 1990 (now known as the LCA) under the name of Malaysian-Re International Insurance (L) Ltd. Labuan Re changed to its current name on 20 February 1997. Labuan Re commenced its business operations in December 1992 after obtaining a license from the MOF on 28 September 1992 to carry on reinsurance business in or from the Federal Territory of Labuan, Malaysia pursuant to the Offshore Insurance Act 1990 (now known as the LFSSA). Labuan Re is regulated by the Labuan FSA.

When Labuan Re was incorporated, it was a wholly-owned subsidiary of Malaysian Re, which in-turn is a wholly-owned subsidiary of our Company. On 5 February 1996, Malaysian Re had entered into the Shareholders' Agreement with the Vendors, which are selected financial institutions and government-linked corporations in Malaysia, with the objective of becoming shareholders in Labuan Re and establishing it as an effective vehicle to increase Malaysia's retention capacity, as well as a profitable and leading reinsurer in the region. Following the execution of the Shareholders' Agreement, Malaysian Re's ownership in Labuan Re was diluted from 100% to 20% after the increase in Labuan Re's share capital from USD20 million to USD150 million on 31 March 1997.

As at the LPD, the principal activity of Labuan Re is the underwriting of all classes of general reinsurance and general retakaful business, whilst the principal activity of LRUL, its wholly-owned subsidiary, as a Lloyd's corporate member, invests in Lloyd's syndicates which underwrite both insurance and reinsurance business. Labuan Re generates revenue via three primary income streams comprising:

(i) premiums earned from reinsurance portfolios which operate across conventional and retakaful business;

(ii) participation in Lloyd's syndicates through LRUL; and

(iii) interest and dividend income from investment portfolios.

Labuan Re currently operates from its head office in the Federal Territory of Labuan and has a co-located office in Bangsar South City, Kuala Lumpur, Malaysia.

The Labuan Re Group consists of a single business segment, namely the reinsurance/retakaful business.

The breakdown of the insurance/takaful contract revenue of Labuan Re and its subsidiaries ("**Labuan Re Group**") by domestic and foreign markets for the past 3 years up to the FYE 31 December 2025 is as follows:

Geographical markets	**Audited FYE 31 December**					
	2023		**2024**		**2025**	
	USD '000	**%**	**USD '000**	**%**	**USD '000**	**%**
Malaysia	19,784	15.0	23,247	14.4	28,587	15.5
Outside Malaysia	112,458	85.0	138,480	85.6	155,256	84.5
Total insurance/takaful contract revenue	132,242	100.0	161,727	100.0	183,843	100.0

2. SHARE CAPITAL

As at the LPD, the issued share capital of Labuan Re is USD150,000,000 comprising 150,000,000 Labuan Re Shares.

As at the LPD, Labuan Re does not have any other types of convertible and/or redeemable shares or securities.

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of Labuan Re and their respective shareholdings in Labuan Re are as follows:

Name	Country of incorporation	Direct		Indirect	
		No. of Labuan Re Shares ('000)	(1)%	No. of Labuan Re Shares ('000)	(1)%
Malaysian Re	Malaysia	30,000	20.0	-	-
CIMB Bank	Malaysia	15,000	10.0	-	-
HICOM	Malaysia	15,000	10.0	-	-
MISC	Malaysia	15,000	10.0	-	-
PETRONAS	Malaysia	15,000	10.0	-	-
Telekom	Malaysia	15,000	10.0	-	-
TNB	Malaysia	15,000	10.0	-	-
LTAT	Malaysia	7,500	5.0	-	-
Maybank	Malaysia	7,500	5.0	-	-
Public Bank	Malaysia	7,500	5.0	-	-
RHB Bank	Malaysia	7,500	5.0	-	-
MNRB	Malaysia	-	-	(2)30,000	20.0
Total		**150,000**	**100.0**	**30,000**	**20.0**

Note:
(1) Based on the issued number of Labuan Re Shares comprising 150,000,000 Labuan Re Shares as at the LPD.
(2) Deemed interested by virtue of its interest in Malaysian Re pursuant to Section 8 of the Act.

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INFORMATION ON LABUAN RE

4. DIRECTORS

As at the LPD, the directors of Labuan Re are as follows:

No.	Name	Nationality	Designation
(i)	Mr. George Oommen	Malaysian	Non-Executive Chairman
(ii)	YM Raja Azlan Shah bin Raja Azwa	Malaysian	Non-Executive Director
(iii)	Mr. Amalanathan L Thomas	Malaysian	Non-Executive Director
(iv)	Pn. Syarina binti Yaacob	Malaysian	Non-Executive Director
(v)	Ms. Chong Chooi Wan	Malaysian	Non-Executive Director
(vi)	En. Ahmad Fairus bin Rahim	Malaysian	Non-Executive Director
(vii)	Madam Sharmini a/p Perampalam	Malaysian	Non-Executive Director
(viii)	En. Mohd Effendi bin Mohd Nawi	Malaysian	Non-Executive Director
(ix)	En. Fukhairudin bin Mohd Yusof	Malaysian	Non-Executive Director
(x)	Pn. Mehazatul-Amali bin Meor Hassan	Malaysian	Alternate Director to Pn. Syarina binti Yaacob

As at the LPD, the directors of Labuan Re do not hold any Labuan Re Shares.

5. SUBSIDIARIES AND ASSOCIATE COMPANIES

5.1 Subsidiary

As at the LPD, the subsidiary of Labuan Re is as follows:

Name of company	Date / Place of incorporation	Share capital	Effective equity interest (%)	Principal activities
LRUL	24 October 2006 / England and Wales	^£ 100	100	Trading as Lloyd's corporate member

^Pound sterling

5.2 Associated company

As at the LPD, Labuan Re does not have any associated company.

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6. FINANCIAL INFORMATION

A summary of the financial information of Labuan Re based on its audited consolidated financial statements for the FYE 31 December 2023, 2024 and 2025 are as follows:

	Audited FYE 31 December			
	2023	2024	(1) 2024 Restated Comparative	(1) 2025
	USD'000	USD'000	USD'000	USD'000
Insurance/takaful contract revenue	132,242	161,728	180,674	183,843
Insurance/takaful service result	24,555	16,231	9,926	22,890
Net investment income	20,229	24,863	24,863	39,107
PBT	28,870	27,486	19,827	36,097
PAT	24,039	26,663	19,004	34,922
Total borrowings	55,000	55,000	55,000	55,000
Number of shares ('000)	150,000	150,000	150,000	150,000
Issued share capital	150,000	150,000	150,000	150,000
Shareholders' funds/ NA	178,255	197,538	164,318	189,535
EPS	0.16	0.18	0.13	0.23
NA per share	1.19	1.32	1.10	1.26
PBT margin (%)	21.83	17.00	10.97	19.63
Gearing ratio (times)	0.31	0.28	0.33	0.29
Current ratio (times)	1.8	1.8	1.6	1.7

Note:

(1) In FYE 31 December 2025, Labuan Re has implemented a voluntary change in the measurement model, transitioning from GMM to PAA. In accordance with MFRS 17 and MFRS 108, this change has been applied retrospectively. Accordingly, the financial statements for FYE 31 December 2025 have been prepared using PAA and the comparative financial information for FYE 31 December 2024 has been restated to reflect the revised measurement model. The audited consolidated financial statements of Labuan Re for FYE 31 December 2025 is enclosed as ***Appendix IV*** *of this Circular.*

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INFORMATION ON LABUAN RE

Commentary between FYE 31 December 2023 and FYE 31 December 2024

For FYE 31 December 2024, Labuan Re's insurance/takaful contract revenue increased to USD161.73 million from USD132.24 million in FYE 31 December 2023, representing an increase of USD29.49 million or 22.30%, mainly from the growth of its offshore business. Labuan Re recorded a net investment income of USD24.86 million in FYE 31 December 2024, representing an increase of 22.91% or USD4.63 million from USD20.23 million, primarily due to higher interest and dividend received during the current financial year of USD14.29 million (FYE 2023: USD11.52 million), as well as a fair value gain on financial assets at FVTPL of USD8.43 million (FYE 2023: USD7.15 million).

PBT of Labuan Re for FYE 31 December 2024 decreased by 4.79% or USD1.38 million to USD27.49 million from USD28.87 million in the FYE 31 December 2023. The decrease was largely contributed by higher other operating expenses of USD5.89 million in FYE 31 December 2024 as compared to USD0.09 million in FYE 31 December 2023.

Despite recording a lower PBT, Labuan Re recorded an increase in PAT to USD26.66 million in FYE 31 December 2024, representing an increase of USD2.62 million or 10.92% from USD24.04 million in FYE 31 December 2023, due to lower tax expense in FYE 31 December 2024 of USD0.82 million (FYE 2023: USD4.83 million).

Commentary between FYE 31 December 2024 (restated comparative) and FYE 31 December 2025

For FYE 31 December 2025, Labuan Re's insurance/takaful contract revenue increased marginally to USD183.84 million from USD180.67 million in FYE 31 December 2024. Labuan Re recorded a net investment income of USD39.11 million in FYE 31 December 2025, representing an increase of 57.32% or USD14.25 million from USD24.86 million due to higher fair value gains and favourable foreign exchange movements.

The PAT of Labuan Re for FYE 31 December 2025 increased by 83.79% or USD15.92 million to USD34.92 million from USD19.00 million in the FYE 31 December 2024. The increase was largely contributed by improved insurance/takaful service result of USD22.89 million compared to USD9.93 million in FYE 31 December 2024.

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7. EXCEPTIONAL AND EXTRAORDINARY ITEMS, AUDIT QUALIFICATION AND ACCOUNTING POLICIES

For the past 3 financial years up to FYE 31 December 2025 under review:

(i) there were no exceptional or extraordinary items;

(ii) there were no accounting policies adopted by Labuan Re which are peculiar to Labuan Re due to the nature of its business or the industry in which it is involved in; and

(iii) Labuan Re's external auditors had not issued any audit qualifications on its financial statements.

8. PROPERTIES

Details of the material property owned by the Labuan Re Group as at the LPD are set out below:

Location of properties	Tenure	Area	Description	Approximate age of building	Carrying amount as at 31 December 2025
		(sq.ft.)		(years)	RM'000
Tower 5, Avenue 5, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur	99 years	54,353	Boutique Building No.10, Bangsar South City, Kuala Lumpur erected on part of Lot No. 481716 held under Title No. Pajakan Negeri 54141 (formerly known as Lot No. 58190, PN 46338), Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	16	44,673

9. MATERIAL CONTRACTS

Labuan Re Group has not entered into any other material contracts (not being contracts entered into in the ordinary course of business of the Labuan Re Group) within the past 2 years immediately preceding the LPD.

10. MATERIAL COMMITMENTS

Based on Labuan Re's audited consolidated financial statements as at 31 December 2025, Labuan Re is not aware of any material commitments incurred or known to be incurred by Labuan Re Group which, upon becoming enforceable, may have a material impact on the consolidated profits or consolidated NA of Labuan Re.

11. CONTINGENT LIABILITIES

Based on Labuan Re's audited consolidated financial statements as at 31 December 2025, Labuan Re is not aware of any contingent liabilities incurred or known to be incurred by Labuan Re Group, which upon becoming enforceable may have a material and adverse impact on the consolidated profits or consolidated NA of Labuan Re as and when they fall due.

12. MATERIAL LITIGATIONS, CLAIMS OR ARBITRATION

As at the LPD, Labuan Re Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the directors of Labuan Re are not aware of any proceedings, pending or threatened, against Labuan Re Group, or of any facts likely to give rise to any proceedings, which may materially and adversely affect the financial position or business of Labuan Re Group.

13. KEY ASSETS OWNED

Based on the audited consolidated financial statements of Labuan Re for the FYE 31 December 2025, the total assets of Labuan Re amounts to USD579.77 million which comprises the following:

	Audited net book value as at 31 December 2025	
Type of assets	**USD'000**	**%**
Property and equipment	10,441	1.80
Right-of-use assets	187	0.03
Intangible assets	3,852	0.66
Financial investments(1)	348,783	60.16
Reinsurance contract assets	49,917	8.61
Net assets arising from participation in Lloyd's syndicates	51,277	8.85
Other receivables(2)	28,533	4.92
Cash and cash equivalents	86,776	14.97
Total	**579,766**	**100.00**

Note:
(1) Financial investments comprised the following:

	USD'000
Government securities	13,380
Debt securities	229,211
Equity securities	44,920
Unit, exchange-traded and real estate trust funds	26,933
Deposits with financial institutions	34,339
Total	**348,783**

(2) Other receivables comprised the following:

	USD'000
Income due and accrued	2,789
Deposits	130
Prepayments	431
Other debtor	500
Funds at Lloyd's	24,683
Total	**28,533**

(Source: Labuan Re)

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SALIENT TERMS OF THE SPA

The salient terms of the SPA are as follows:

1. CONDITIONS PRECEDENT

Completion is conditional upon satisfaction or waiver (as the case may be) of the following conditions precedent ("**Conditions Precedent**") by or before 6 months from the date of the SPA or such other date as may be mutually agreed by our Company and the Vendors (collectively, the "**Parties**") in accordance with the terms of the SPA ("**Long Stop Date**") ("**Unconditional Date**"):

(i) the amendments to the existing AoA on terms satisfactory to our Company;

(ii) the waiver of any provisions in the Shareholders' Agreement which are not consistent with the transactions contemplated and/or to be implemented under the SPA;

(iii) the termination of the Shareholders' Agreement;

(iv) all regulatory approvals in writing required for Completion having been obtained from Labuan FSA, on terms satisfactory to our Company and pursuant to the LFSSA, in respect of:

(a) the transfer of the respective Sale Shares from each of the Vendors to our Company;

(b) the change of the person in control (as defined in Section 2 of the LFSSA) of Labuan Re;

(c) the change of the board of directors of Labuan Re (for those directors nominated by the Vendors only); and

(d) the amended AoA (unless the condition in Section 1(i) of this appendix is waived),

provided that all documents required to be submitted to or filed with Labuan FSA shall be prepared by Labuan Re in the form agreed by our Company, and the Vendors shall, on a several and not joint basis, use reasonable endeavours to procure that all submissions to or filings with Labuan FSA are made by Labuan Re;

(v) all regulatory approvals required for the indirect change of control of LRUL following Completion having been obtained from Lloyd's on terms satisfactory to our Company, provided that all documents required to be submitted to or filed with Lloyd's shall be prepared by Labuan Re or LRUL (each a "**Group Company**"), and the Vendors shall, on a several and not joint basis, use reasonable endeavours to procure that all submissions to or filings with Lloyd's are made by the relevant Group Company;

(vi) written confirmation from Labuan Re to our Company that no material adverse effect has occurred to any Group Company during the period from the date of the SPA until the Completion Date (as defined in Section 2 of this appendix);

(vii) written consent of RHB Bank (L) Ltd on terms satisfactory to our Company, (acting reasonably) being the holders of the callable cumulative denominated subordinated bonds of up to USD55.0 million in nominal value for (i) the change of Labuan Re's shareholding and ownership structure pursuant to the Proposed Acquisition; and (ii) to the extent required, the amendments in respect of the existing AoA of Labuan Re as contemplated in Section 1(i) of this appendix;

(viii) the passing of a resolution of the board of directors of each of the Vendors authorising amongst others:

SALIENT TERMS OF THE SPA

(a) the Proposed Acquisition, which includes the sale of the relevant Sale Shares and the entry into and performance of the SPA;

(b) a nominated individual to execute the SPA on behalf of the relevant Vendor and to do all such other things as may be necessary for the purposes of the Proposed Acquisition; and

(c) any other actions or things that may be necessary to effect the Proposed Acquisition before Labuan FSA, and if required, other competent governmental authorities;

(ix) the passing of a resolution of the Board authorising amongst others:

(a) the Proposed Acquisition, which includes the purchase of the Sale Shares and the entry into and performance of the SPA; and

(b) a nominated individual to execute the SPA on behalf of our Company and to do all such other things as may be necessary for the purposes of the Proposed Acquisition;

(x) the passing of an ordinary resolution of our shareholders at the forthcoming EGM in respect of the Proposed Acquisition;

(xi) approval of BNM for the acquisition by our Company of a subsidiary under Section 85 of the Financial Services Act 2013; and

(xii) written confirmation from our Company having obtained committed financing, in an amount sufficient to pay the Balance Final Consideration to the Vendors on Completion.

2. COMPLETION

(i) Completion date shall fall on a date as may be agreed upon between the Parties within 5 business days after the Unconditional Date.

(ii) At Completion, no Party shall be obliged to complete the sale and purchase of any of the Sale Shares unless the sale by all of the Vendors, and the purchase by our Company, of all of the Sale Shares are completed simultaneously in accordance with the SPA.

3. CONSIDERATION

(i) Subject to Section 3(ii) of this appendix, the Initial Consideration for the purchase of the Sale Shares shall be the RM equivalent of USD100,689,242.02.

(ii) The Balance Final Consideration shall be an amount equivalent to the Initial Consideration less the Deposit and any distributions paid by Labuan Re to the Vendors after 31 December 2024 and prior to the Completion Date, excluding the Dividend 2024.

(iii) The Balance Final Consideration shall be translated into RM based on the middle rate of the Interbank Foreign Exchange Market in Kuala Lumpur as published by BNM on https://www.bnm.gov.my/latest-rates at 12:00 p.m. on the business day immediately preceding the date of the SPA.

SALIENT TERMS OF THE SPA

4. PAYMENT

(i) Upon execution of the SPA, our Company shall pay the Deposit to the Vendors, according to their respective shareholdings in Labuan Re.

(ii) The Balance Final Consideration shall be satisfied through payment in RM by our Company in cash, to the Vendors, according to their respective shareholdings in Labuan Re, upon Completion.

(iii) If our Company does not pay the Balance Final Consideration when due under the terms of the SPA, each of the Vendors shall, subject to the terms of the SPA, and in addition to all other rights or remedies available to each of the Vendors, including the right to claim for specific performance to compel our Company to perform its obligations to complete the sale of the Sale Shares in accordance with the SPA, be entitled to elect any of the following, to:

(a) terminate the SPA (other than the surviving provisions under the SPA) without liability on the part of the Vendors;

(b) effect Completion so far as practicable and to the extent permitted under applicable laws having regard to the defaults which have occurred; or

(c) fix a new Completion Date (not being more than 10 business days after the Completion Date) provided that such deferral may only occur once.

(iv) If any of the Vendors does not deliver the required closing documents in accordance with the terms of the SPA, our Company shall, subject to the terms of the SPA, and in addition to all other rights or remedies available to our Company, including the right to claim for specific performance to compel each of the Vendors to perform its obligations to complete the sale of the Sale Shares in accordance with the SPA, to:

(a) terminate the SPA (other than the surviving provisions under the SPA) without liability on the part of our Company;

(b) effect Completion so far as practicable and to the extent permitted under applicable laws having regard to the defaults which have occurred; or

(c) fix a new Completion date (not being more than 10 business days after the Completion Date) provided that such deferral may only occur once.

5. TERMINATION RIGHTS

(i) The SPA may be terminated (other than the surviving provisions under the SPA) prior to Completion:

(a) if the Conditions Precedent have not been satisfied or waived on or before the Long Stop Date;

(b) by each of the Vendors pursuant to Section 4(iii) of this appendix; or

(c) by our Company pursuant to Section 4(iv) this appendix.

(ii) In the event the SPA is terminated pursuant to Section 5(i)(a) of this appendix due to the non-satisfaction of the Conditions Precedent set out in Sections 1(i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (x) or (xi) of this appendix, the Deposit shall be refunded (free of interest) to our Company.

(iii) However, in the event the SPA is terminated pursuant to Section 5(i)(a) of this appendix due to the non-satisfaction of the Conditions Precedent set out in:

(a) Section 1(i), (ii), (iii), (iv), (v), or (vii) of this appendix, in each case due solely to the act, omission or delay of our Company;

(b) Section 1(ix) or (xii) of this appendix, on or before the Long Stop Date;

(c) Section 1(x) of this appendix, unless our Company can demonstrate that it has used its reasonable endeavours to convene the EGM in respect of the Proposed Acquisition within 90 days from the date of the SPA, subject to the Vendors acting reasonably in granting an extension of such 90-day period if the delay in convening the EGM is due to reasons beyond our Company's control; or

(d) Section 1(xi) of this appendix, unless our Company can demonstrate that it has used its reasonable endeavours to submit the application for approval from BNM within 30 days from the date of the SPA and any documents or clarifications required by BNM on a timely basis before the Long Stop Date,

the Deposit shall be forfeited in favour of the Vendors as agreed liquidated damages, and thereafter neither Party shall have any further rights or claims against the other, save and except for any antecedent breach. Without prejudice to the indemnity given by our Company under Section 6 of this appendix, the forfeiture of the Deposit in favour of the Vendors shall be the sole and exclusive remedy available to the Vendors in respect of the relevant breach or termination event under Section 5(iii) of this appendix, and the Vendors shall not be entitled to claim or recover any further loss, damages, costs or other amounts from our Company.

(iv) In the event the SPA is terminated:

(a) pursuant to Section 5(i)(b) of this appendix, the Deposit shall be forfeited in favour of the Vendors and the Vendors shall be entitled to retain the Deposit and such payment of the Deposit shall be the sole and exclusive remedy available to the Vendors in respect of the relevant breach or termination event, and the Vendors shall not be entitled to claim or recover any further loss, damages, costs or other amounts from our Company; or

(b) pursuant to Section 5(i)(c) of this appendix, the Deposit (free of interest) shall be refunded to our Company.

6. THIRD PARTY LITIGATION INDEMNITY

Our Company agrees to provide an indemnity in favour of the Vendors in respect of any legal action or arbitration initiated by a third party against the Vendors arising from the Vendors' entry into the SPA, subject to a liability cap of RM2 million.

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INFORMATION ON THE VENDORS

The information on the respective Vendors as at 30 June 2026, unless stated otherwise, is as follows:

1. Information on CIMB Bank

CIMB Bank was incorporated in Malaysia on 30 December 1972 as a public limited company, and is a wholly-owned subsidiary of CIMB Group Holdings Berhad ("**CIMB Group Holdings**"), a company listed on the Main Market of Bursa Securities as at 30 June 2026. The principal activity of CIMB Bank is the provision of commercial banking and related financial services.

CIMB Bank has an issued share capital of RM25,738,902,648.92 comprising 6,887,329,914 ordinary shares and 200,000,000 preference shares as at 30 June 2026.

As at 30 June 2026, the directors of CIMB Bank Berhad are as follows:

No.	Name	Nationality
(i)	Datuk Syed Zaid bin Syed Jaffar Albar	Malaysian
(ii)	Muhammad Novan bin Amirudin	Malaysian
(iii)	Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz	Malaysian
(iv)	Dato' Lee Kok Kwan	Malaysian
(v)	Chu Hong Keong	Malaysian
(vi)	Sukanta Kumar Dutt	Malaysian
(vii)	Christina Ong Soo Chan	Malaysian
(viii)	Kee E-Lene	Malaysian
(ix)	Choo Yoo Kwan @ Choo Yee Kwan	Malaysian
(x)	Marina binti Abdul Kahar	Malaysian

Save as disclosed below, the directors of CIMB Bank do not own any interests, whether direct or indirect, in the issued ordinary shares and preference shares in CIMB Bank as at 30 June 2026.

As at 30 June 2026, the directors and substantial shareholders of CIMB Bank and their respective shareholdings in CIMB Bank are as follows:

	Direct		Indirect	
	No. of ordinary shares in CIMB Bank	(1)%	No. of ordinary shares in CIMB Bank	(1)%
Directors				
Dato' Lee Kok Kwan	-	-	*	^
Muhammad Novan bin Amirudin	-	-	*	^
Substantial shareholders				
CIMB Group Sdn Bhd	6,887,329,914	100.0	-	-
CIMB Group Holdings	-	-	(2)6,887,329,914	100.0
Khazanah	-	-	(3)6,887,329,914	100.0
MOF (Inc)	-	-	(4)6,887,329,914	100.0

Note:

^ *Negligible percentage*

* *As at 30 June 2026, Dato' Lee Kok Kwan and Muhammad Novan bin Amirudin have 385,710 and 143,483 shares in CIMB Group Holdings, respectively.*

(1) *Based on the issued number of shares of CIMB Bank comprising among others 6,887,329,914 ordinary shares as at 30 June 2026.*

(2) *Deemed interested by virtue of its interest in CIMB Group Sdn Bhd pursuant to Section 8 of the Act.*

(3) Deemed interested by virtue of its interest in CIMB Group Holdings pursuant to Section 8 of the Act.
(4) Deemed interested by virtue of its interest in Khazanah pursuant to Section 8 of the Act.

The original cost and date of investment by CIMB Bank in Labuan Re are as follows:

Date of investment	No. of Labuan Re Shares	Amount (USD)
31 January 1996	5,000,000	5,000,000
31 March 1997	2,500,000	2,500,000
15 May 2000[1]	7,500,000	7,500,000
Total	**15,000,000**	**15,000,000**

Note:
(1) Transfer of Labuan Re Shares held by Bank Bumiputera Malaysia Berhad to CIMB Bank following the merger between Bank Bumiputera Malaysia Berhad and Bank of Commerce (Malaysia) Berhad.

(Source: CIMB Bank)

2. Information on HICOM

HICOM was incorporated in Malaysia on 11 March 1910 as a public limited company, and is a wholly-owned subsidiary of DRB-HICOM Berhad, a company listed on the Main Market of Bursa Securities as at 30 June 2026. The principal activity of HICOM is investment holding.

HICOM has an issued share capital of RM1,135,511,270.55 comprising 1,100,253,627 ordinary shares as at 30 June 2026.

As at 30 June 2026, the directors of HICOM are as follows:

No.	Name	Nationality
1.	Tan Sri Syed Faisal Albar bin Syed A.R Albar	Malaysian
2.	Azri bin Zaharuddin	Malaysian

The directors of HICOM do not own any interests, whether direct or indirect, in the issued ordinary shares in HICOM as at 30 June 2026.

As at 30 June 2026, the substantial shareholders of HICOM and their respective shareholdings in HICOM are as follows:

	Direct		Indirect	
	No. of ordinary shares in HICOM	[1]%	No. of ordinary shares in HICOM	[1]%
Substantial shareholders				
DRB-HICOM Berhad	1,100,253,627	100.0	-	-
Etika Strategi Sdn Bhd	-	-	[2]1,100,253,627	100.0
Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor	-	-	[3]1,100,253,627	100.0

Note:
(1) Based on the issued number of shares of HICOM comprising 1,100,253,627 ordinary shares as at 30 June 2026.
(2) Deemed interested by virtue of its interest in DRB-HICOM Berhad pursuant to Section 8 of the Act.
(3) Deemed interested by virtue of his interest in Etika Strategi Sdn Bhd pursuant to Section 8 of the Act.

INFORMATION ON THE VENDORS

The original cost and date of investment by HICOM in Labuan Re are as follows:

Date of investment	No. of Labuan Re Shares	Amount (USD)
31 January 1996	10,000,000	10,000,000
31 March 1997	5,000,000	5,000,000
Sub-total	**15,000,000**	**15,000,000**

(Source: HICOM)

3. Information on MISC

MISC was incorporated in Malaysia on 6 November 1968 as a public limited company under the name of Malaysian International Shipping Corporation Berhad. Subsequently, it changed its name to Malaysia International Shipping Corporation Berhad on 11 September 1995 and to MISC Berhad on 15 September 2005. MISC was listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities) on 23 February 1987. The principal activities of MISC consist of ship owning, ship operating and other activities related to shipping services, and operating offshore floating terminals.

MISC has an issued share capital of RM8,923,260,894 comprising 4,463,793,103 ordinary shares and 1 preference share as at 30 June 2026, of which the 1 preference share is held by the MOF (Inc).

As at 30 June 2026, the directors of MISC are as follows:

No.	Name	Nationality
(i)	En. Zahid bin Osman	Malaysian
(ii)	Mr. Chew Liong Kim	Malaysian
(iii)	Datin Norazah binti Mohamed Razali	Malaysian
(iv)	Dato' Tengku Marina binti Tunku Annuar	Malaysian
(v)	En. Mohammad Suhaimi bin Mohd Yasin	Malaysian
(vi)	Pn. Liza binti Mustapha	Malaysian
(vii)	Pn. Wan Shamilah binti Wan Muhammad Saidi	Malaysian
(viii)	Datuk Adif bin Zulkifli	Malaysian

The directors of MISC do not own any interests, whether direct or indirect, in the issued ordinary shares and preference share in MISC as at 30 June 2026.

Based on MISC's register of substantial shareholders at 30 June 2026, the substantial shareholders of MISC and their respective shareholdings in MISC are as follows:

	Direct		Indirect	
	No. of ordinary shares in MISC	[(1)]%	No. of ordinary shares in MISC	[(1)]%
Substantial shareholders				
PETRONAS	2,276,583,900	51.00	-	-
EPF	691,876,003	15.50	-	-

Note:
(1) Based on the issued number of shares of MISC comprising 4,463,745,703 ordinary shares (excluding 47,400 shares held as treasury shares) as at 30 June 2026.

INFORMATION ON THE VENDORS

The original cost and date of investment by MISC in Labuan Re are as follows:

Date of investment	No. of Labuan Re Shares	Amount (USD)
31 January 1996	10,000,000	10,000,000
31 March 1997	5,000,000	5,000,000
Sub-total	**15,000,000**	**15,000,000**

(Source: MISC)

4. Information on PETRONAS

PETRONAS was incorporated on 17 August 1974 as Malaysia's national oil and gas company to manage the country's hydrocarbon resources.

PETRONAS has an issued share capital of RM100,000,000 comprising 100,000 ordinary shares as at 30 June 2026.

As at 30 June 2026, the directors of PETRONAS are as follows:

No.	Name	Nationality
(i)	Tan Sri Dato' Seri Mohd Bakke Salleh	Malaysian
(ii)	Tan Sri Tengku Muhammad Taufik	Malaysian
(iii)	Azizan Zakaria	Malaysian
(iv)	Tan Sri Zaharah Ibrahim	Malaysian
(v)	Datuk Dr Shahrazat Haji Ahmad	Malaysian
(vi)	Dato' Seri Abdul Rasheed Ghaffour	Malaysian
(vii)	Liza Mustapha	Malaysian

The directors of PETRONAS do not own any interests, whether direct or indirect, in the issued ordinary shares in PETRONAS as at 30 June 2026.

As at 30 June 2026, the substantial shareholder of PETRONAS and its shareholding in PETRONAS are as follows:

	Direct		Indirect	
	No. of ordinary shares in PETRONAS	(1)%	No. of ordinary shares in PETRONAS	(1)%
Substantial shareholder				
MOF (Inc)	99,990	99.99	-	-

Note:

(1) Based on the issued number of shares of PETRONAS comprising 100,000 ordinary shares as at the LPD.

The original cost and date of investment by PETRONAS in Labuan Re are as follows:

Date of investment	No. of Labuan Re Shares	Amount (USD)
31 January 1996	10,000,000	10,000,000
31 March 1997	5,000,000	5,000,000
Sub-total	**15,000,000**	**15,000,000**

(Source: PETRONAS)

INFORMATION ON THE VENDORS

5. Information on Telekom

Telekom was incorporated in Malaysia on 12 October 1984 as a public limited company, and was listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities) on 7 November 1990. The principal activities of Telekom are investment holding, the establishment, maintenance and provision of telecommunications and related services as at 30 June 2026.

Telekom has an issued share capital of RM4,070,797,940.12 comprising 3,837,738,480 ordinary shares and 1 preference share as at 30 June 2026, of which the 1 preference share is held by the MOF (Inc).

As at 30 June 2026, the directors of Telekom Malaysia Berhad are as follows:

No.	Name	Nationality
(i)	Dato' Haji Zainal Abidin bin Putih	Malaysian
(ii)	En. Amar Huzaimi bin Md Deris	Malaysian
(iii)	Datuk Dr. Shahrazat binti Haji Ahmad	Malaysian
(iv)	Dato' Mohamed Nasri bin Sallehuddin	Malaysian
(v)	En. Muhammad Afhzal bin Abdul Rahman	Malaysian
(vi)	En. Hisham bin Zainal Mokhtar	Malaysian
(vii)	Datuk Siti Zauyah binti Md Desa	Malaysian
(viii)	En. Ahmad Taufek bin Omar	Malaysian
(ix)	Tan Sri Datuk Yong Poh Kon	Malaysian
(x)	Datuk Bazlan bin Osman	Malaysian
(xi)	Dr. Tunku Alina binti Raja Muhd Alias	Malaysian
(xii)	Cik Shahnaz Al-Sadat Abdul Mohsein	Malaysian
(xiii)	En. Syaiful Hafiz bin Moamat Mastam (Alternate Director to Datuk Dr. Shahrazat binti Haji Ahmad)	Malaysian

Save as disclosed below, the directors of Telekom do not own any interests, whether direct or indirect, in the issued ordinary shares in Telekom as at 30 June 2026.

As at 30 June 2026, the directors and substantial shareholders of Telekom and their respective shareholdings in Telekom are as follows:

Name	Direct		Indirect	
	No. of ordinary shares in Telekom	[(1)]%	No. of ordinary shares in Telekom	%
Directors				
Amar Huzaimi bin Md Deris	319,010	0.01	-	-
Datuk Bazlan bin Osman	10,000	^	-	-
Dr. Tunku Alina binti Raja Muhd Alias	1,000	^	-	-
Substantial shareholders				
Khazanah	771,347,766	20.10	-	-
EPF	930,606,457	25.25	-	-
KWAP	357,422,498	9.31	[(2)]48,304,384	1.28
MOF (Inc)	-	-	[(3)]771,347,766	20.10

Note:
^ Negligible percentage.
(1) Based on the issued number of shares of Telekom comprising 3,837,738,480 ordinary shares as at 30 June 2026.
(2) Deemed interested by virtue of its interest through the funds managed by KWAP and/or through its appointed fund managers pursuant to Section 8 of the Act.
(3) Deemed interested by virtue of its interest in Khazanah pursuant to Section 8 of the Act.

The original cost and date of investment by Telekom in Labuan Re are as follows:

Date of investment	No. of Labuan Re Shares	Amount (USD)
31 January 1996	10,000,000	10,000,000
31 March 1997	5,000,000	5,000,000
Sub-total	**15,000,000**	**15,000,000**

(Source: Telekom)

6. Information on TNB

TNB was incorporated in Malaysia on 12 July 1990 as a public limited company, and was listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities) on 28 May 1992. The principal activity of TNB is the business of the generation, transmission, distribution and sale of electricity.

TNB has an issued share capital of RM12,810,142,017.96 comprising 5,829,142,171 ordinary shares and 1 preference share as at 30 June 2026, of which the 1 preference share is held by the MoF (Inc).

As at 30 June 2026, the directors of TNB are as follows:

No.	Name	Nationality
(i)	Tan Sri Abdul Razak bin Abdul Majid	Malaysian
(ii)	Datuk Ir. Ts. Shamsul bin Ahmad	Malaysian
(iii)	Dato’ Sri Ab Rahim bin Ab Rahman	Malaysian
(iv)	Rohaya binti Mohammad Yusof	Malaysian
(v)	Muazzam bin Mohamad	Malaysian
(vi)	Gopala Krishnan K.Sundaram	Malaysian
(vii)	Dato' Merina binti Abu Tahir	Malaysian
(viii)	Dato' Zulkifli bin Ibrahim	Malaysian
(ix)	Alan Hamzah Sendut	Malaysian
(x)	Dr. Hasnita binti Dato’ Hashim	Malaysian

Save as disclosed below, the directors of TNB do not own any interests, whether direct or indirect, in the issued ordinary shares in TNB as at 30 June 2026.

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INFORMATION ON THE VENDORS

As at 30 June 2026, the directors and substantial shareholders of TNB and their respective shareholdings in TNB are as follows:

Name	Direct		Indirect	
	No. of ordinary shares in TNB	[1]%	No. of ordinary shares in TNB	[1]%
Directors				
Tan Sri Abdul Razak bin Abdul Majid	26,562	^	[2]400	^
Datuk Ir. Ts. Shamsul bin Ahmad	65,000	^	-	-
Substantial shareholders				
EPF	1,449,034,245	24.86	-	-
Khazanah	921,970,404	15.82	[3]130,000,000	2.23
KWAP	406,223,008	6.97	[4]35,109,400	0.60
ASB	328,348,600	5.63	-	-
MOF (Inc)	895,312	^	[5]1,051,970,404	18.05

Note:
- ^ *Negligible percentage.*
- (1) *Based on the issued number of shares of TNB comprising 5,829,142,171 ordinary shares as at 30 June 2026.*
- (2) *Deemed interested by virtue of the interest of his child pursuant to Section 59(11)(c) of the Act.*
- (3) *Deemed interested by virtue of its interest through the funds managed by Khazanah and/or through its appointed fund managers pursuant to Section 8 of the Act.*
- (4) *Deemed interested by virtue of its interest through the funds managed by KWAP and/or through its appointed fund managers pursuant to Section 8 of the Act.*
- (5) *Deemed interested by virtue of its interest in Khazanah pursuant to Section 8 of the Act.*

The original cost and date of investment by TNB in Labuan Re are as follows:

Date of investment	No. of Labuan Re Shares	Amount (USD)
31 January 1996	10,000,000	10,000,000
31 March 1997	5,000,000	5,000,000
Sub-total	**15,000,000**	**15,000,000**

(Source: TNB)

7. Information on LTAT

LTAT was established on 1 August 1972 by an Act of Parliament i.e. the Tabung Angkatan Tentera Act 1973 (Act 101). The principal activities of LTAT are providing superannuation and other benefits for contributors, and for the ancillary purposes of promoting the socio-economic development and welfare of, and providing other benefits for, retiring and retired personnel of the regular forces of Malaysia and designated members of the volunteer forces.

LTAT is a government statutory body which manages a pension fund and hence, LTAT does not have share capital.

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INFORMATION ON THE VENDORS

As at 30 June 2026, the board members of LTAT are as follows:

No.	Name	Nationality
(i)	YBhg. General Tan Sri Dato' Sri Azizan bin Ariffin RMAF (Retired)	Malaysian
(ii)	YBhg. Datuk Lokman Hakim bin Ali	Malaysian
(iii)	YBhg. Datuk Dr. Shahrazat binti Haji Ahmad	Malaysian
(iv)	YBhg. General Tan Sri Dato' Seri Haji Malek Razak bin Sulaiman	Malaysian
(v)	YBhg. Lieutenant General Dato' Mohamad Suria bin Mohamad Saad	Malaysian
(vi)	YBhg. Vice Admiral Ts. Datuk Badarudin bin Taha	Malaysian
(vii)	YBhg. Lieutenant General Dato' Nur Hafis bin Abdul Karim RMAF	Malaysian
(viii)	YBhg. Datuk Md Zubir Ansori bin Yahaya	Malaysian
(ix)	YBhg. Dato' Sri Iskandar Mizal bin Mahmood	Malaysian
(x)	YBrs. En. Rozaini bin Mohd Sani	Malaysian
(xi)	YBhg. Datin Normaliza binti Kairon	Malaysian
(xii)	YBrs. En. Mohammad Ashraf bin Md Radzi	Malaysian

The original cost and date of investment by LTAT in Labuan Re are as follows:

Date of investment	No. of Labuan Re Shares	Amount (USD)
31 January 1996	5,000,000	5,000,000
31 March 1997	2,500,000	2,500,000
Sub-total	**7,500,000**	**7,500,000**

(Source: LTAT)

8. Information on Maybank

Maybank was incorporated in Malaysia on 31 May 1960 as a public limited company, and was listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities) on 17 February 1962. Maybank is principally engaged in the business of commercial banking and the provision of related financial services.

Maybank has an issued share capital of RM55,045,741,030.72 comprising 12,095,327,095 ordinary shares as at 30 June 2026.

As at 30 June 2026, the directors of Maybank are as follows:

No.	Name	Nationality
(i)	Tan Sri Dato' Sri Ir. Zamzamzairani bin Mohd Isa	Malaysian
(ii)	Dato' Sri Khairussaleh bin Ramli	Malaysian
(iii)	Pn. Fauziah binti Hisham	Malaysian
(iv)	Ms. Che Zakiah binti Che Din	Malaysian
(v)	En. Shariffuddin bin Khalid	Malaysian
(vi)	Dato' Zulkiflee Abbas bin Abdul Hamid	Malaysian
(vii)	Ms. Shirley Goh	Malaysian
(viii)	Datuk Yee Yang Chien	Malaysian
(ix)	Ms. Chiam Sou Hong	Malaysian
(x)	Mr. Vittorio Furlan	Italian & Australian
(xi)	Pn. Rohaya binti Mohammad Yusof	Malaysian

Save as disclosed below, the directors of Maybank do not own any interests, whether direct or indirect, in the issued ordinary shares in Maybank as at 30 June 2026.

INFORMATION ON THE VENDORS

As at 30 June 2026, the directors and substantial shareholders of Maybank and their respective shareholdings in Maybank are as follows:

Name	Direct		Indirect	
	No. of ordinary shares in Maybank	(1)%	No. of ordinary shares in Maybank	(1)%
Directors				
Dato' Sri Khairussaleh bin Ramli	633,900	0.01	-	-
Pn. Fauziah binti Hisham	21,435	^	(2)2,000	^
Ms. Shirley Goh	-	-	(2)11,190	^
Datuk Yee Yang Chien	-	-	(2)47,414	^
Pn. Rohaya binti Mohammad Yusof	100,493	^	-	-
Substantial shareholders				
ASB	3,391,690,800	28.04	-	-
EPF	1,585,892,197	13.11	-	-
PNB	762,273,400	6.30	-	-
YPB	-	-	(3)762,273,400	6.30
KWAP	584,411,587	4.83	(4)50,506,062	0.42

Note:
- ^ *Negligible percentage.*
- (1) *Based on the issued number of shares of Maybank comprising 12,095,327,095 ordinary shares as at 30 June 2026.*
- (2) *Deemed interested by virtue of the interest of his/her spouse and/or his/her children pursuant to Section 59(11)(c) of the Act.*
- (3) *Deemed interested by virtue of its interest in PNB pursuant to Section 8 of the Act.*
- (4) *Deemed interested by virtue of its interest through the funds managed by KWAP and/or through its appointed fund managers pursuant to Section 8 of the Act.*

The original cost and date of investment by Maybank in Labuan Re are as follows:

Date of investment	No. of Labuan Re Shares	Amount (USD)
31 January 1996	5,000,000	5,000,000
31 March 1997	2,500,000	2,500,000
Sub-total	**7,500,000**	**7,500,000**

(Source: Maybank)

9. Information on Public Bank

Public Bank was incorporated in Malaysia on 30 December 1965 as a public limited company under the name of Public Bank Limited, and assumed its present name on 15 April 1966. On 6 April 1967, Public Bank was listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities). Public Bank is principally engaged in all aspects of commercial banking and the provision of related financial services.

Public Bank has an issued share capital of RM9,417,653,714.00 comprising 19,410,691,735 ordinary shares as at 30 June 2026.

INFORMATION ON THE VENDORS

As at 30 June 2026, the directors of Public Bank are as follows:

No.	Name	Nationality
(i)	Mr. Lai Wan	Malaysian
(ii)	Tan Sri Dato' Sri (Dr) Tay Ah Lek	Malaysian
(iii)	Ms. Teh Li Shian Diona	Singaporean
(iv)	Ms. Cheah Kim Ling	Malaysian
(v)	Dato' Mohd Hanif Bin Sher Mohamed	Malaysian
(vi)	Ms. Tham Chai Fhong	Malaysian
(vii)	Mr. Lim Chao Li	Malaysian
(viii)	Ms. Gladys Leong	Malaysian
(ix)	Ms. Teoh Meow Choo	Malaysian

Save as disclosed below, the directors of Public Bank do not own any interests, whether direct or indirect, in the issued ordinary shares in Public Bank as at 30 June 2026.

As at 30 June 2026, the directors and substantial shareholders of Public Bank and their respective shareholdings in Public Bank are as follows:

	Direct		Indirect	
	No. of ordinary shares in Public Bank	[1]%	No. of ordinary shares in Public Bank	[1]%
Directors				
Mr. Lai Wan	50,000	^	[2]93,270	^
Tan Sri Dato' Sri (Dr) Tay Ah Lek	30,944,225	0.16	[3]3,448,725	0.02
Ms. Cheah Kim Ling	80,000	^	[2]51,960	^
Dato' Mohd Hanif Bin Sher Mohamed	10,000	^	-	-
Ms. Tham Chai Fhong	183,500	^	-	-
Mr. Lim Chao Li	500,010	^	-	-
Ms. Gladys Leong	258,000	^	-	-
Ms. Teoh Meow Choo	100,000	^	-	-
Substantial shareholders				
The Estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow	123,556,410	0.64	[4]3,899,767,275	20.09
Consolidated Teh Holdings Sdn Bhd	3,899,767,275	20.09	-	-
EPF	3,243,475,183	16.71	-	-
KWAP	1,047,890,500	5.40	75,313,000	0.39

Note:

^ *Less than 0.01%.*

(1) *Based on the issued number of shares of Public Bank comprising 19,410,691,735 ordinary shares as at 30 June 2026.*

(2) *Deemed to have interest in the shares of Public Bank held by his/her spouse pursuant to Section 59(11)(c) of the Act.*

(3) *Deemed to have interest in the shares of Public Bank held by his spouse and child, as well as Lek Holdings Sdn Bhd and Golden Asterix (M) Sdn Bhd pursuant to Section 59(11)(c) and Section 8(4) of the Act respectively.*

(4) *Deemed to have interest in the shares of Public Bank held by other corporation by virtue of Section 8(4) of the Act.*

INFORMATION ON THE VENDORS

The original cost and date of investment by Public Bank in Labuan Re are as follows:

Date of investment	No. of Labuan Re Shares	Amount (USD)
31 January 1996	5,000,000	5,000,000
31 March 1997	2,500,000	2,500,000
Sub-total	**7,500,000**	**7,500,000**

(Source: Public Bank)

10. Information on RHB Bank

RHB Bank was incorporated in Malaysia on 4 October 1965 a public limited company under the name of Development and Commercial Bank Berhad Limited. It subsequently changed its name to Development & Commercial Bank (Limited) Berhad on 15 April 1966, to Development and Commercial Bank Berhad on 20 September 1982, and to DCB Bank Berhad on 17 December 1994, before assuming its present name on 1 July 1997. RHB Bank was listed on the Main Market of Bursa Securities on 28 June 2016. RHB Bank is principally engaged in the business of commercial banking and the provision of related financial services.

RHB Bank has an issued share capital of RM8,701,096,766.06 comprising 4,361,913,750 ordinary shares as at 30 June 2026.

As at 30 June 2026, the directors of RHB Bank are as follows:

No.	Name	Nationality
(i)	Tan Sri Ahmad Badri bin Mohd Zahir	Malaysian
(ii)	Dato' Mohd Rashid bin Mohamad	Malaysian
(iii)	Tan Sri Ong Leong Huat @ Wong Joo Hwa	Malaysian
(iv)	Dato' Mohamad Nasir bin Ab Latif	Malaysian
(v)	Mr. Lim Cheng Teck	Singaporean
(vi)	Mr. Donald Joshua Jaganathan	Malaysian
(vii)	Datuk Iain John Lo	Malaysian
(viii)	Pn. Hijah Arifakh binti Othman	Malaysian
(ix)	Pn. Nadzirah binti Abd Rashid	Malaysian
(x)	Datuk Mohamad Idham bin Nawawi	Malaysian

Save as disclosed below, the directors of RHB Bank do not own any interests, whether direct or indirect, in the issued ordinary shares in RHB Bank as at 30 June 2026.

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INFORMATION ON THE VENDORS

As at 30 June 2026, the directors and substantial shareholders of RHB Bank and their respective shareholdings in RHB Bank are as follows:

	Direct		Indirect	
	No. of ordinary shares in RHB Bank	(1)%	No. of ordinary shares in RHB Bank	(1)%
Directors				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	-	-	(2)448,002,723	10.27
Datuk Mohamad Idham Nawawi	6,000	^	-	-
Mr. Donald Joshua Jaganathan	40,000	^	-	-
Dato' Mohd Rashid Mohamad	182,000	^	-	-
Substantial shareholder				
EPF	1,506,655,169	34.54	-	-
OSK Holdings Berhad	447,768,886	10.27	-	-
Tan Sri Ong Leong Huat @ Wong Joo Hwa	-	-	(3)447,768,886	10.27
Yellow Rock (L) Foundation	-	-	(3)447,768,886	10.27

Note:

^ *Negligible percentage.*
(1) *Based on the issued number of shares of RHB Bank comprising 4,361,913,750 ordinary shares as at 30 June 2026.*
(2) *Deemed interested by virtue of his interest in OSK Holdings Berhad, 3 Fairies Holdings Sdn Bhd and his family members pursuant to Sections 8(4) and 59 of the Act.*
(3) *Deemed interested by virtue of its interest in OSK Holdings pursuant to Section 8 of the Act.*

The original cost and date of investment by RHB Bank in Labuan Re are as follows:

Date of investment	No. of Labuan Re Shares	Amount (USD)
31 January 1996	5,000,000	5,000,000
31 March 1997	2,500,000	2,500,000
Sub-total	**7,500,000**	**7,500,000**

(Source: RHB Bank)

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LABUAN REINSURANCE (L) LTD

(LL 00067)

(Incorporated in the Federal Territory of Labuan, Malaysia)

Statement by Directors and Audited Financial Statements

31 December 2025

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF LABUAN RE FOR THE FYE 31 DECEMBER 2025

LL 00067

Labuan Reinsurance (L) Ltd
(Incorporated in the Federal Territory of Labuan, Malaysia)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. George Oommen - Chairman
YM Raja Azlan Shah bin Raja Azwa
Mr. Amalanathan L Thomas
Pn. Syarina binti Yaacob (Alternate Director: Pn. Mehazatul-Amali binti Meor Hassan)
Ms. Chong Chooi Wan
Mr. Ahmad Fairus bin Rahim
Madam Sharmini a/p Perampalam
Mr. Mohd Effendi bin Mohd Nawi
Mr. Fukhairudin bin Mohd Yusof (Appointed on 17th October 2025)
Mr. Shahrul Azuan bin Mohamed (Resigned with effect from 1st September 2025)
Mr. Ahmad Shahril bin Mohamed Nazar (Resigned with effect from 31st December 2025)

MANAGEMENT

Mr. Zaid Aziz Ibrahim (Chief Executive Officer)
Mr. Kok Yew Kong (Chief Financial Officer) (Joined on 5th January 2026)
Ms. Celine Chu Siak Nee (Chief Investment Officer)
Mr. Patrick Wong Chang Yang (Chief Information Officer)
Mr. William Cheong Weng Chan (Head of Human Resource & Administration)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF LABUAN RE FOR THE FYE 31 DECEMBER 2025

LL 00067

Labuan Reinsurance (L) Ltd
(Incorporated in the Federal Territory of Labuan, Malaysia)

COMPANY SECRETARY

AMS Cosec Services Sdn. Bhd.

HEAD OFFICE

Level 4(B), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Federal Territory of Labuan
Malaysia

CO-LOCATED OFFICE

Tower 5, Avenue 5
Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

REGISTERED OFFICE

Unit Level 11(A), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Federal Territory of Labuan
Malaysia

AUDITORS

Ernst & Young PLT
Lot 1, 1st Floor, Wisma Siamloh
Jalan Kemajuan
87007 Federal Territory of Labuan
Malaysia

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF LABUAN RE FOR THE FYE 31 DECEMBER 2025

LL 00067

Labuan Reinsurance (L) Ltd
(Incorporated in the Federal Territory of Labuan, Malaysia)

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Labuan Reinsurance (L) Ltd
(Incorporated in the Federal Territory of Labuan, Malaysia)

Statement by Directors

We, GEORGE OOMMEN and YM RAJA AZLAN SHAH BIN RAJA AZWA, being two of the Directors of LABUAN REINSURANCE (L) LTD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 6 to 142 have been drawn up in accordance with the MFRS Accounting Standards and the IFRS Accounting Standards so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2025 and of their results and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors on 15 July 2026.

GEORGE OOMMEN

YM RAJA AZLAN SHAH BIN RAJA AZWA

Federal Territory of Labuan, Malaysia

Dated: 15 July 2026

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF LABUAN RE FOR THE FYE 31 DECEMBER 2025

Shape the future
with confidence

Ernst & Young PLT
Registration No: 202006000003 (LLP0022760-LCA) & AAL 0001
SST ID: W10-2002-32000062
Chartered Accountants
Lot 1 1st Floor Wisma Siamloh
Jalan Kemajuan
87007 Federal Territory of Labuan, Malaysia

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87011 Federal Territory of Labuan, Malaysia

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LL 00067

Independent auditors' report to the members of
Labuan Reinsurance (L) Ltd
(Licensed Labuan Company - License No. IS 920002)
(Incorporated in the Federal Territory of Labuan, Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Labuan Reinsurance (L) Ltd ("the Company") and its subsidiary ("the Group"), which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 6 to 142.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards and IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audit of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements of the Group and the Company and our auditors' report thereon, which is expected to be made available to us after the date of this auditors' report.

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Independent auditors' report to the members of
Labuan Reinsurance (L) Ltd (cont'd.)
(Licensed Labuan Company – License No. IS 920002)
(Incorporated in the Federal Territory of Labuan, Malaysia)

Information other than the financial statements and auditors' report thereon (cont'd.)

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards and IFRS Accounting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Group's and the Company's financial reporting process.

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Independent auditors' report to the members of
Labuan Reinsurance (L) Ltd (cont'd.)
(Licensed Labuan Company – License No. IS 920002)
(Incorporated in the Federal Territory of Labuan, Malaysia)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Shape the future
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Independent auditors' report to the members of
Labuan Reinsurance (L) Ltd (cont'd.)
(Licensed Labuan Company – License No. IS 920002)
(Incorporated in the Federal Territory of Labuan, Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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

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

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

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 117 of the Labuan Companies Act 1990 and Section 174(3) of the Labuan Financial Services and Securities Act 2010 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AAL 0001
Chartered Accountants

Woo Jan Ning

Woo Jan Ning
No. 03713/01/2027 J
Chartered Accountant

Federal Territory of Labuan, Malaysia
15 July 2026

LL 00067

Labuan Reinsurance (L) Ltd
(Incorporated in the Federal Territory of Labuan, Malaysia)

Statements of Financial Position
as at 31 December 2025

		Group			Company		
		31.12.2025	31.12.2024	01.01.2024	31.12.2025	31.12.2024	01.01.2024
		USD	USD	USD	USD	USD	USD
	Note		Restated	Restated		Restated	Restated
ASSETS							
Property and equipment	8	10,441,375	10,659,497	10,859,767	10,441,375	10,659,497	10,859,767
Right-of-use assets	9	187,717	64,690	55,983	187,717	64,690	55,983
Intangible assets	10	3,851,803	4,593,724	4,509,801	1,775,277	2,660,874	2,544,514
Investment in subsidiary	11	-	-	-	186,910	186,910	186,910
Financial investments	12	348,782,609	326,046,015	301,593,684	348,782,609	326,046,015	301,593,684
Government securities		13,379,806	21,417,502	30,889,934	13,379,806	21,417,502	30,889,934
Debt securities		229,210,662	209,136,537	170,385,086	229,210,662	209,136,537	170,385,086
Equity securities		44,919,556	41,110,754	44,435,157	44,919,556	41,110,754	44,435,157
Unit, exchange-traded and real estate trust funds		26,933,356	9,608,151	8,955,160	26,933,356	9,608,151	8,955,160
Deposits with financial institutions		34,339,229	44,773,071	46,928,347	34,339,229	44,773,071	46,928,347
Reinsurance contract assets	13	49,916,701	47,257,770	57,491,937	14,965,608	19,229,206	25,945,745
Net assets arising from participation in Lloyd's syndicates	14	51,276,545	46,276,140	51,520,241	-	-	-
Other receivables	15	28,533,486	29,569,045	24,838,901	43,300,824	40,982,568	36,283,590
Cash and cash equivalents	16	86,775,712	64,416,360	40,786,499	84,898,633	64,406,218	40,747,283
TOTAL ASSETS		**579,765,948**	**528,883,241**	**491,656,813**	**504,538,953**	**464,235,978**	**418,217,476**

LL 00067

Labuan Reinsurance (L) Ltd
(Incorporated in the Federal Territory of Labuan, Malaysia)

Statements of Financial Position
as at 31 December 2025

		Group			Company		
		31.12.2025	31.12.2024	01.01.2024	31.12.2025	31.12.2024	01.01.2024
		USD	USD	USD	USD	USD	USD
	Note		Restated	Restated		Restated	Restated
EQUITY AND LIABILITIES							
Share capital	17	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
Retained earnings		43,328,521	17,406,508	5,903,002	49,391,505	22,809,880	11,757,495
Fair value reserves		(155,653)	-	-	(155,653)	-	-
Other reserves		(3,638,013)	(3,088,910)	(3,209,381)	-	-	-
TOTAL EQUITY		189,534,855	164,317,598	152,693,621	199,235,852	172,809,880	161,757,495
Insurance contract/takaful certificate liabilities	13	330,323,446	305,013,392	279,858,043	245,408,919	231,873,840	197,354,827
Lease liabilities	18	203,843	74,138	60,936	203,843	74,138	60,936
Other payables	19	4,703,804	4,478,113	4,044,213	4,690,339	4,478,120	4,044,218
Borrowings	20	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000
TOTAL LIABILITIES		390,231,093	364,565,643	338,963,192	305,303,101	291,426,098	256,459,981
TOTAL EQUITY AND LIABILITIES		**579,765,948**	**528,883,241**	**491,656,813**	**504,538,953**	**464,235,978**	**418,217,476**

LL 00067

Labuan Reinsurance (L) Ltd
(Incorporated in the Federal Territory of Labuan, Malaysia)

Statements of Profit or Loss and Other Comprehensive Income
as at 31 December 2025

		Group		Company	
		2025	2024	2025	2024
		USD	USD	USD	USD
	Note		Restated		Restated
Insurance/takaful revenue		183,843,053	180,673,690	173,641,036	171,350,885
Insurance/takaful service expenses		(142,920,863)	(154,754,668)	(134,280,518)	(147,441,937)
Insurance/takaful service result before reinsurance	4	**40,922,190**	**25,919,022**	**39,360,518**	**23,908,948**
Allocation of reinsurance premiums		(27,795,554)	(29,637,789)	(23,996,192)	(26,430,203)
Amounts recoverable from reinsurers for incurred claims		9,763,356	13,645,253	6,460,418	11,373,294
Net expenses from reinsurance contracts held	5	**(18,032,198)**	**(15,992,536)**	**(17,535,774)**	**(15,056,909)**
Insurance/takaful service result		**22,889,992**	**9,926,486**	**21,824,744**	**8,852,039**
Interest and dividend income		15,622,503	14,287,079	15,622,503	14,287,079
Realised (losses)/gains		(1,729,095)	111,579	(1,729,095)	111,579
Fair value gains		13,345,561	8,425,212	13,345,561	8,425,212
Share of investment income arising from participation at Lloyd's		2,441,238	1,647,206	1,641,764	1,108,125
Net foreign exchange gains		9,426,587	392,186	9,426,587	392,186
Total investment income	6	**39,106,794**	**24,863,262**	**38,307,320**	**24,324,181**
Net finance expense from insurance contracts/takaful certificates issued		(19,163,321)	(4,588,169)	(18,038,162)	(4,463,557)
Net finance income/(expenses) from reinsurance contracts held		3,031,361	18,124	2,580,864	(44,310)
Net insurance/takaful financial result	6	**(16,131,960)**	**(4,570,045)**	**(15,457,298)**	**(4,507,867)**

LL 00067

Labuan Reinsurance (L) Ltd
(Incorporated in the Federal Territory of Labuan, Malaysia)

Statements of Profit or Loss and Other Comprehensive Income
as at 31 December 2025

		Group		Company	
		2025	**2024**	**2025**	**2024**
		USD	**USD**	**USD**	**USD**
	Note		**Restated**		**Restated**
Other operating expenses	7	(6,210,463)	(6,178,460)	(4,435,032)	(5,126,256)
Finance costs		(3,557,646)	(4,214,056)	(3,557,646)	(4,214,056)
Profit before zakat and taxation	21	**36,096,717**	**19,827,187**	**36,682,088**	**19,328,041**
Tax and zakat	21	(1,174,704)	(823,681)	(1,100,463)	(775,656)
Net profit after tax and zakat		**34,922,013**	**19,003,506**	**35,581,625**	**18,552,385**
Earnings per share (US cents)					
Basic and diluted	22	23.3	12.7		
Other comprehensive (loss)/income:					
To be reclassified to income statements in subsequent periods:					
Fair value through other comprehensive income ("FVOCI") reserve:					
- Losses on fair value changes		(66,149)	-	(66,149)	-
- Realised gains transferred to profit or loss	6	(89,504)	-	(89,504)	-
Fair value reserve movement for the year		(155,653)	-	(155,653)	-
Not to be reclassified to income statements in subsequent periods:					
Foreign currency translation reserve:					
Exchange difference on translation		(549,103)	120,471	-	-
Other comprehensive (loss)/income for the year, net of tax		(704,756)	120,471	(155,653)	-
Total comprehensive income for the year		**34,217,257**	**19,123,977**	**35,425,972**	**18,552,385**

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Labuan Reinsurance (L) Ltd
(Incorporated in the Federal Territory of Labuan, Malaysia)

Statements of Changes in Equity
For The Financial Year Ended 31 December 2025

		<---------------- Non-distributable	---------------->		Distributable	
	Note	**Share capital USD**	**Foreign currency translation reserves USD**	**FVOCI reserves USD**	**Retained earnings USD**	**Total USD**
Group						
At 1 January 2024 (As previously stated)		150,000,000	(3,209,381)	-	31,464,275	178,254,894
Impact of remeasurement	31	-	-	-	(25,561,273)	(25,561,273)
At 1 January 2024 (Restated)		**150,000,000**	**(3,209,381)**	**-**	**5,903,002**	**152,693,621**
Profit for the year		-	-	-	19,003,506	19,003,506
Other comprehensive income for the year		-	120,471	-	-	120,471
Total comprehensive income for the year		-	120,471	-	19,003,506	19,123,977
Dividend paid	30	-	-	-	(7,500,000)	(7,500,000)
At 31 December 2024 (Restated)		**150,000,000**	**(3,088,910)**	**-**	**17,406,508**	**164,317,598**
At 1 January 2025 (As previously stated)		150,000,000	(3,088,910)	-	50,626,898	197,537,988
Impact of remeasurement	31	-	-	-	(33,220,390)	(33,220,390)
At 1 January 2025 (Restated)		**150,000,000**	**(3,088,910)**	**-**	**17,406,508**	**164,317,598**
Profit for the year		-	-	-	34,922,013	34,922,013
Other comprehensive loss for the year		-	(549,103)	(155,653)	-	(704,756)
Total comprehensive (loss)/income for the year		-	(549,103)	(155,653)	34,922,013	34,217,257
Dividend paid	30	-	-	-	(9,000,000)	(9,000,000)
At 31 December 2025		**150,000,000**	**(3,638,013)**	**(155,653)**	**43,328,521**	**189,534,855**

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Labuan Reinsurance (L) Ltd
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Statements of Changes in Equity
For The Financial Year Ended 31 December 2025

		<----- Non-distributable	----->	Distributable	
	Note	**Share capital USD**	**FVOCI reserves USD**	**Retained earnings USD**	**Total USD**
Company					
At 1 January 2024 (As previously stated)		150,000,000	-	30,776,667	180,776,667
Impact of remeasurement	31	-	-	(19,019,172)	(19,019,172)
At 1 January 2024 (Restated)		**150,000,000**	**-**	**11,757,495**	**161,757,495**
Profit for the year		-	-	18,552,385	18,552,385
Dividend paid	30	-	-	(7,500,000)	(7,500,000)
At 31 December 2024 (Restated)		**150,000,000**	**-**	**22,809,880**	**172,809,880**
At 1 January 2025 (As previously stated)		150,000,000	-	48,356,221	198,356,221
Impact of remeasurement	31	-	-	(25,546,341)	(25,546,341)
At 1 January 2025 (Restated)		**150,000,000**	**-**	**22,809,880**	**172,809,880**
Profit for the year		-	-	35,581,625	35,581,625
Other comprehensive loss for the year		-	(155,653)		(155,653)
Total comprehensive (loss)/income for the year		-	(155,653)	35,581,625	35,425,972
Dividend paid	30	-	-	(9,000,000)	(9,000,000)
At 31 December 2025		**150,000,000**	**(155,653)**	**49,391,505**	**199,235,852**

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Labuan Reinsurance (L) Ltd
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Statements of Cash Flow
For The Financial Year Ended 31 December 2025

		Group		Company	
		2025	2024	2025	2024
		USD	USD	USD	USD
	Note		Restated		Restated
Cash flow from operating activities					
Profit before tax and zakat		36,096,717	19,827,187	36,682,088	19,328,041
Adjustments for:					
Interest and dividend income	6	(15,622,503)	(14,287,079)	(15,622,503)	(14,287,079)
Realised losses/(gains)	6	1,729,095	(111,579)	1,729,095	(111,579)
Fair value gains	6	(13,345,561)	(8,425,212)	(13,345,561)	(8,425,212)
Amortisation of intangible assets	7	418,204	352,567	418,204	352,567
Depreciation of plant and equipment	7	270,288	373,219	270,288	373,219
Depreciation of right-of-use assets ("ROU assets")	7	93,983	123,917	93,983	123,917
Impairment of intangible assets	7	364,861	-	364,861	-
Finance costs		3,557,646	4,214,056	3,557,646	4,214,056
Interest expense on lease liabilities	18	11,116	2,806	11,116	2,806
Unrealised exchange difference		(16,696,373)	645,055	(15,322,989)	484,835
(Increase)/Decrease in net assets from Lloyd's participation in syndicates		(5,000,405)	5,244,101	-	-
Operating profit before changes in working capital		**(8,122,932)**	**7,959,038**	**(1,163,772)**	**2,055,571**
Increase in net insurance contract/takaful certificate liabilities		33,928,920	24,933,649	21,473,340	34,304,625
(Increase)/decrease in net reinsurance contract assets		(2,658,931)	10,234,167	4,263,598	6,716,539
Decrease/(increase) in other receivables		1,224,015	(4,177,427)	(2,129,800)	(4,146,261)
Increase in other payables		286,395	638,749	272,923	638,751
Cash generated from operations		24,657,467	39,588,176	22,716,289	39,569,225

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Labuan Reinsurance (L) Ltd
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Statements of Cash Flow
For The Financial Year Ended 31 December 2025

		Group		Company	
		2025	2024	2025	2024
		USD	USD	USD	USD
	Note		Restated		Restated
Tax and zakat paid		(902,949)	(1,048,369)	(828,708)	(1,000,344)
Investment income received:					
Dividend		1,641,045	1,096,264	1,641,045	1,096,264
Interest		13,986,187	12,313,884	13,986,187	12,313,884
Net cash generated from operating activities		**39,381,750**	**51,949,955**	**37,514,813**	**51,979,029**
Cash flows from investing activities					
Net purchase of investments		(4,086,945)	(15,862,821)	(4,086,945)	(15,862,821)
Purchase of property and equipment	8	(52,166)	(172,949)	(52,166)	(172,949)
Purchase of intangible assets	10	(236,263)	(468,927)	(236,263)	(468,927)
Net cash used in investing activities		**(4,375,374)**	**(16,504,697)**	**(4,375,374)**	**(16,504,697)**
Cash flows from financing activities					
Finance costs paid		(3,557,646)	(4,214,056)	(3,557,646)	(4,214,056)
Interest on lease liabilities paid		(11,116)	(2,806)	(11,116)	(2,806)
Principal on lease liabilities paid		(78,262)	(98,535)	(78,262)	(98,535)
Dividend paid		(9,000,000)	(7,500,000)	(9,000,000)	(7,500,000)
Net cash used in financing activities		**(12,647,024)**	**(11,815,397)**	**(12,647,024)**	**(11,815,397)**
Net increase in cash and cash equivalents		22,359,352	23,629,861	20,492,415	23,658,935
Cash and cash equivalents at 1 January		64,416,360	40,786,499	64,406,218	40,747,283
Cash and cash equivalents at 31 December	16	**86,775,712**	**64,416,360**	**84,898,633**	**64,406,218**

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Labuan Reinsurance (L) Ltd
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Notes to Financial Statements

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in the Federal Territory of Labuan pursuant to a Licence given under the Offshore Insurance Act, 1990 (now superseded by the Labuan Financial Services and Securities Act, 2010). The registered office of the Company is located at Level 11(A), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia.

The principal activity of the Company is the underwriting of all classes of general reinsurance and general retakaful businesses. There has been no significant change in the nature of the principal activities during the financial year. The principal activity of the subsidiary is as disclosed in Note 11.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 15 July 2026.

2. Basis of preparation

(a) Basis of measurements

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies and comply with MFRS Accounting Standards and IFRS Accounting Standards.

(b) Functional and Presentation Currency

The financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States Dollar (USD) which is also the Group's functional currency.

(c) Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency of the Group and the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rates at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

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2. Basis of preparation (cont'd.)

(c) Foreign Currency Transactions (cont'd.)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments held at Fair Value through Other Comprehensive Income (FVOCI) or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(d) Foreign Operations

Results and financial positions of foreign operations are translated into USD as follows:

- Assets and liabilities are translated at the prevailing closing rate at the reporting date;
- Income and expenses are translated at the average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the reporting date. The financial statements of the subsidiary are prepared for the same reporting date as the Company, using consistent accounting policies for transactions and events in similar circumstances.

The subsidiary is consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the acquisition method. The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill in the statements of financial position. The accounting policy information for goodwill is described in Note 10.

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2. Basis of preparation (cont'd.)

(f) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS Accounting Standards and MFRS Accounting Standards requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There is no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than below:

(i) Valuation of insurance/takaful and reinsurance contracts/certificates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group and the Company based their assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group and the Company. Such changes are reflected in the assumptions when they occur.

(i) The methods used to measure insurance contracts/takaful certificates

The Group and the Company apply the Premium Allocation Approach ("PAA") to simplify the measurement of insurance contracts when measuring liabilities for remaining coverage for insurance/takaful contracts/certificates issued and reinsurance contracts held. However, when measuring liabilities for incurred claims, the Group and the Company discount the cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

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2. Basis of preparation (cont'd.)

(f) Significant accounting judgements, estimates and assumptions (cont'd.)

(i) Valuation of insurance/takaful and reinsurance contracts/certificates (cont'd.)

(i) The methods used to measure insurance contracts/takaful certificates (cont'd.)

Liabilities for remaining coverage:

(i) Onerous groups

For groups of contracts/certificates that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. The Group and the Company primarily use deterministic projections to estimate the present value of future cash flows. Estimated premium/contribution income from underwriters as well as development triangles are the predominant tool used to estimate the amount and timing of future cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

(ii) Time value of money

The Group and the Company do not adjust the carrying amount of the liability for remaining coverage as the time between providing each part of the services and the related premium due date is no more than a year.

Liabilities for incurred claims:

For general insurance/takaful contracts/certificates, estimates have to be made for both the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the end of the reporting period for gross and reinsurance basis.

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the statement of financial position liability. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder, Initial Expected Loss Ratio and Bornhuetter-Ferguson (BF) methods.

The main assumption underlying these techniques is that the Group's and the Company’s past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses based on the observed development of earlier years and expected loss ratios.

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2. Basis of preparation (cont'd.)

(f) Significant accounting judgements, estimates and assumptions (cont'd.)

(i) Valuation of insurance/takaful and reinsurance contracts/certificates (cont'd.)

(i) The methods used to measure insurance contracts/takaful certificates (cont'd.)

Liabilities for incurred claims (cont'd.):

Historical claims development is mainly analysed by underwriting year, but can also be further analysed by geographical areas, as well as by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. The final reserves are discounted to derive the liabilities for incurred claims by explicitly considering the payment patterns.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future (for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

(i) Discount rates

Liabilities for incurred claims are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium/contribution where applicable. Risk free rates are determined by reference to the European Insurance and Occupational Pensions Authority (EIOPA) and the yields of government bonds in the currency of the insurance contract/takaful certificate liabilities.

Discount rates applied for discounting of liabilities for incurred claims are listed below:

2025

Currencies	**1 year**	**3 years**	**5 years**	**10 years**
China Yuan Renminbi	1.16%	1.20%	1.27%	1.42%
Euro Member Countries	2.08%	2.28%	2.48%	2.86%
United Kingdom Pound	3.54%	3.53%	3.67%	4.05%
Japan Yen	0.91%	1.32%	1.51%	1.90%
Malaysia Ringgit	2.89%	3.14%	3.30%	3.53%
United States Dollar	3.43%	3.34%	3.47%	3.84%

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2. Basis of preparation (cont'd.)

(f) Significant accounting judgements, estimates and assumptions (cont'd.)

(i) Valuation of insurance/takaful and reinsurance contracts/certificates (cont'd.)

(i) The methods used to measure insurance contracts/takaful certificates (cont'd.)

Liabilities for incurred claims (cont'd.):

(i) Discount rates (cont'd.)

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

2024

Currencies	**1 year**	**3 years**	**5 years**	**10 years**
China Yuan Renminbi	1.31%	1.24%	1.29%	1.52%
Euro Member Countries	2.24%	2.09%	2.14%	2.27%
United Kingdom Pound	4.46%	4.15%	4.04%	4.07%
Japan Yen	0.52%	0.69%	0.77%	1.05%
Malaysia Ringgit	3.01%	3.21%	3.37%	3.59%
United States Dollar	4.18%	4.06%	4.02%	4.07%

(ii) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Group and the Company require for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance/takaful contracts/certificates and covers insurance risk and expense risk. The risk adjustment reflects an amount that a insurer/takaful operator would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

The Group and the Company have estimated the risk adjustment at 75% confidence level over the expected present value of future cash flows, which is based on the requirement by Labuan Financial Services Authority under the Guidelines On Valuation Basis For Liabilities Of Labuan General Insurance Business.

(g) Change in Measurement Approach under MFRS 17

During the current financial year, the Group and the Company adopted the Premium Allocation Approach ("PAA") as the measurement model for eligible insurance and reinsurance contracts, as compare to the General Measurement Model ("GMM") applied in the previous financial years. Refer to Note 31 for details.

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3. Effects arising from adoption of new and revised MFRS Accounting Standards

(a) New and amended standards and interpretations

On 1 January 2025, the Group and the Company adopted the following Amendments to MFRS Accounting Standards mandatory for annual financial periods beginning on or after 1 January 2025:

	Effective for annual periods beginning on or after
Lack of Exchangeability (Amendments to MFRS 121)	1st January 2025

The initial application of the applicable amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

(b) Standards and annual improvements issued but not yet effective

The following are Standards and Amendments to Standards issued by the Malaysian Accounting Standards Board ("MASB"), but which are not yet effective, up to the date of issuance of the Group's and the Company's financial statements. The Group and the Company intend to adopt these standards and amendment to standards, if applicable, when they become effective:

	Effective for annual periods beginning on or after
Contracts Referencing Nature-dependent Electricity (Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosure)	1st January 2026
Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 and MFRS 7)	1st January 2026

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3. Effects arising from adoption of new and revised MFRS Accounting Standards (cont'd.)

(b) Standards and annual improvements issued but not yet effective (cont'd.)

The following are Standards and Amendments to Standards issued by the Malaysian Accounting Standards Board ("MASB"), but which are not yet effective, up to the date of issuance of the Group's and the Company's financial statements. The Group and the Company intend to adopt these standards and amendment to standards, if applicable, when they become effective: (cont'd.)

	Effective for annual periods beginning on or after
Amendments that are part of Annual Improvements-Volume 11: • Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards • Amendments to MFRS 7 Financial Instruments: Disclosures • Amendments to MFRS 9 Financial Instruments • Amendments to MFRS 10 Consolidated Financial Statements • Amendments to MFRS 107 Statement of Cash Flows	1st January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1st January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1st January 2027
Amendments to MFRS 19 Subsidiaries without Public Accountability: Disclosures	1st January 2027
Translation to a Hyperinflationary Presentation Currency (Amendments to MFRS 121)	1st January 2027
Amendments to MFRS 10 and MFRS 128: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Except for MFRS 18, the Directors expect that the adoption of the above pronouncements will not have a material impact on the Group's and the Company's financial statements upon initial application. The Group and the Company are currently evaluating the potential impact of presentation and disclosure changes, if any, arising from the adoption of MFRS 18.

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4. Insurance/takaful service results before reinsurance

4.1 Material accounting policy information

The insurance revenue for the year is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group and the Company allocate the expected premium receipts to each year of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses. The Group and the Company change the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

The table below presents an analysis of the insurance/takaful service results before reinsurance recognised in the period:

	Group		Company	
	2025 USD	2024 USD Restated	2025 USD	2024 USD Restated
Insurance/takaful revenue	**183,843,053**	**180,673,690**	**173,641,036**	**171,350,885**
Incurred claims and other service expenses	(160,757,256)	(167,450,515)	(154,006,688)	(161,165,750)
Amortisation of insurance acquisition cash flows	(27,721,541)	(27,276,912)	(25,831,764)	(26,248,946)
Net reversal on onerous contracts/certificates	2,793,070	3,387,030	2,793,070	3,387,030
Changes to liabilities for incurred claims	42,764,864	36,585,729	42,764,864	36,585,729
Total Insurance/takaful service expenses	**(142,920,863)**	**(154,754,668)**	**(134,280,518)**	**(147,441,937)**
Insurance/takaful service results before reinsurance	**40,922,190**	**25,919,022**	**39,360,518**	**23,908,948**

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5. Net income or expenses from reinsurance contracts held

5.1 Material accounting policy information

Net income or expenses from reinsurance contracts comprise allocation of reinsurance premiums paid less amounts expected to be recovered from reinsurers. The allocation of reinsurance premiums under each group of reinsurance contracts held is the amount of expected premium payments net of commission income receivable. Expected premium payments exclude any investment components.

The Group and the Company recognise the allocation of reinsurance premium based on the passage of time over the relevant coverage period. Amounts expected to be recovered from reinsurers are recognised as they are incurred.

The Group and Company present separately on the face of the statements of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group and the Company treat reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statements of profit or loss and other comprehensive income.

	Group		**Company**	
	2025	**2024**	**2025**	**2024**
	USD	**USD**	**USD**	**USD**
		Restated		**Restated**
Allocation of reinsurance premiums under PAA	(27,795,554)	(29,637,789)	(23,996,192)	(26,430,203)
Amounts recoverable from reinsurers for incurred claims:				
- Amounts recoverable for incurred claims and other expenses	16,488,189	12,521,101	13,185,251	10,249,142
- Changes in amounts recoverable from liabilities for incurred claims	(3,721,943)	1,016,376	(3,721,943)	1,016,376
- Loss-recovery on onerous underlying contracts	(3,175,630)	65,841	(3,175,630)	65,841
- Amortisation of insurance acquisition cash flows	172,740	41,935	172,740	41,935
Net expenses from reinsurance contracts held	**(18,032,198)**	**(15,992,536)**	**(17,535,774)**	**(15,056,909)**

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6. Total investment income and net insurance/takaful financial result

6.1 Material accounting policy information

Other revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group and Company expect to be entitled to when the performance obligation is satisfied. The following specific recognition criteria must also be met before the revenue is recognised.

Interest and Profit Income

Interest and profit income are recognised on an accrual basis using the effective yield method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective yield of the instrument.

Dividend Income

Dividend income is recognised when the right to receive payment is established.

Realised Gains and Losses on Investments

Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

Insurance/takaful/reinsurance finance income and expense

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

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

Finance income and expenses on the Group and the Company's insurance/takaful/ reinsurance contracts is not disaggregated between profit and loss and other comprehensive income because the related financial assets are managed on a fair value basis and measured at fair value through profit or loss.

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Labuan Reinsurance (L) Ltd
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6. Total investment income and net insurance/takaful financial result (cont'd.)

Investment income

(a) Interest/profit and dividend/distribution income

	2025 USD	2024 USD
Group and Company		
FVTPL financial assets		
Interest/profit income	9,872,268	9,000,274
Dividend/distribution income		
- equity securities quoted in Malaysia	487,297	485,797
- equity securities quoted outside Malaysia	1,152,547	636,654
FVOCI financial assets		
Interest income	258,936	-
Interest/profit income on AC financial assets		
Deposits with financial institutions	3,851,455	4,164,354
	15,622,503	14,287,079

(b) Realised (losses)/gains

	2025 USD	2024 USD
Group and Company		
FVTPL financial assets		
Equity securities		
- quoted in Malaysia	277,583	1,362,760
- quoted outside Malaysia	1,386,703	2,281,255
Debt securities		
- unquoted in Malaysia	(26,617)	12,202
- unquoted outside Malaysia	(3,043,112)	(3,060,951)
Investment related expenses	(413,156)	(483,687)
	(1,818,599)	111,579
FVOCI financial assets		
Debt securities		
- unquoted outside Malaysia	89,504	-
	(1,729,095)	111,579

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Labuan Reinsurance (L) Ltd
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6. Total investment income and net insurance/takaful financial result (cont'd.)

Investment income (cont'd.)

(c) Fair value gains

	2025 USD	2024 USD
Group and Company		
Fair value gains on financial assets at FVTPL	13,345,561	8,425,212

(d) Share of investment income arising from participation at Lloyd's

	2025 USD	2024 USD
Group		
Investment returns	2,441,238	1,647,206
Company		
Investment returns	1,641,764	1,108,125

The Group and the Company do not exercise any management control over the business activities of the Lloyd's syndicates that they participate in.

(e) Net foreign exchange gains

	2025 USD	2024 USD
Group and Company		
Net unrealised foreign exchange gains	7,188,836	52,719
Net realised foreign exchange gains	2,237,751	339,467
	9,426,587	392,186

Total investment income

Group	39,106,794	24,863,262
Company	38,307,320	24,324,181

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6. Total investment income and net insurance/takaful financial result (cont'd.)

(f) Net insurance/takaful finance result

	2025 USD	2024 USD
Group		
Insurance/takaful finance (expenses)/income from contracts/certificates issued		
Interest/profit accreted to insurance contracts/takaful certificates using current financial assumptions	(6,879,054)	(6,641,263)
Effect of changes in interest rates and other financial assumptions	(1,423,744)	(416,130)
Net foreign exchange (expenses)/income	(10,860,523)	2,469,224
Total insurance/takaful finance expenses from contracts/certificates issued	**(19,163,321)**	**(4,588,169)**
Reinsurance finance income/(expenses) from reinsurance contracts held		
Interest accreted to reinsurance contracts held using current financial assumptions	1,296,331	1,013,525
Effect on changes in interest rates and other financial assumptions	231,941	(59,843)
Changes in non-performance risk of reinsurers	531,217	(176,511)
Net foreign exchange income/(expense)	971,872	(759,047)
Reinsurance finance income from reinsurance contracts held	**3,031,361**	**18,124**
Total net insurance/takaful and reinsurance finance result	**(16,131,960)**	**(4,570,045)**

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Labuan Reinsurance (L) Ltd
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6. Total investment income and net insurance/takaful financial result (cont'd.)

(f) Net insurance/takaful finance result (cont'd.)

	2025 USD	2024 USD
Company		
Insurance/takaful finance (expenses)/income from contracts/certificates issued		
Interest/profit accreted to insurance contracts/takaful certificates using current financial assumptions	(6,666,742)	(6,441,708)
Effect of changes in interest rates and other financial assumptions	(1,368,518)	(409,633)
Net foreign exchange (expenses)/income	(10,002,902)	2,387,784
Total insurance/takaful finance expenses from contracts/certificates issued	**(18,038,162)**	**(4,463,557)**
Reinsurance finance income/(expenses) from reinsurance contracts held		
Interest accreted to reinsurance contracts held using current financial assumptions	1,200,120	941,607
Effect on changes in interest rates and other financial assumptions	207,420	(61,790)
Changes in non-performance risk of reinsurers	531,217	(176,511)
Net foreign exchange income/(expense)	642,107	(747,616)
Reinsurance finance income from reinsurance contracts held	**2,580,864**	**(44,310)**
Total net insurance/takaful and reinsurance finance result	**(15,457,298)**	**(4,507,867)**

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7. Expenses

	Note	Group 2025 USD	Group 2024 USD Restated	Company 2025 USD	Company 2024 USD Restated
Claims and benefits		(111,987,512)	(124,803,712)	(105,272,661)	(118,581,078)
Fees and commissions		(30,537,035)	(34,630,370)	(30,501,318)	(34,568,239)
Reversal on onerous contracts/certificates		2,793,070	3,387,030	2,793,070	3,387,030
Employee benefits expense	7.1	(5,663,082)	(5,544,265)	(5,663,082)	(5,544,265)
Directors' remuneration expenses		(328,635)	(303,757)	(328,635)	(303,757)
Auditors' remuneration:					
- statutory audits:					
- auditors of the parent		(101,367)	(89,038)	(101,367)	(89,038)
- component auditors		(37,455)	(33,887)	-	-
- regulatory related fees		(22,176)	(20,805)	(22,176)	(20,805)
- non-audit fees		(160,157)	-	(160,157)	-
Depreciation of property and equipment	8	(270,288)	(373,219)	(270,288)	(373,219)
Depreciation of right-of-use assets	9	(93,983)	(123,917)	(93,983)	(123,917)
Amortisation of intangible assets	10	(418,204)	(352,567)	(418,204)	(352,567)
Impairment of intangible assets		(364,861)	-	(364,861)	-
Share of syndicate expenses arising from participation at Lloyd's		(944,722)	(2,891,236)	(743,903)	(2,101,334)
Other income		1,587,810	2,961,262	3,124,967	3,189,677
		(146,548,597)	(162,818,481)	(138,022,598)	(155,481,512)
Amounts attributed to insurance acquisition cash flows incurred during the year		25,138,812	29,162,265	25,138,812	29,162,265
Amortisation of insurance acquisition cash flows	4	(27,721,541)	(27,276,912)	(25,831,764)	(26,248,946)
		(149,131,326)	(160,933,128)	(138,715,550)	(152,568,193)
Represented by:					
Insurance/takaful service expenses	4	(142,920,863)	(154,754,668)	(134,280,518)	(147,441,937)
Other operating (expenses)/ income	7.2	(6,210,463)	(6,178,460)	(4,435,032)	(5,126,256)
		(149,131,326)	(160,933,128)	(138,715,550)	(152,568,193)

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7. Expenses (cont'd.)

7.1. Employee benefits expenses

	Group and Company	
	2025	**2024**
	USD	**USD**
Wages and salaries	(3,570,634)	(3,114,059)
Gratuity benefits	-	(561,776)
Bonus	(739,189)	(587,758)
Contributions to defined contribution plan, Employees Provident Fund (EPF)	(664,783)	(581,466)
Social security contributions	(34,008)	(28,521)
Other benefits	(654,468)	(670,685)
	(5,663,082)	(5,544,265)

7.2. Other operating (expenses)/income

	Group		Company	
	2025	**2024**	**2025**	**2024**
	USD	**USD**	**USD**	**USD**
Other expenses	(4,723,980)	(3,438,396)	(4,482,157)	(4,011,157)
Other income	280,200	251,362	280,200	251,362
Share of other net expenses arising from participation at Lloyd's	(1,766,683)	(2,991,426)	(233,075)	(1,366,461)
	(6,210,463)	(6,178,460)	(4,435,032)	(5,126,256)

The Group and the Company do not exercise any management control over the business activities of the Lloyd’s syndicates they participate in.

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8. Property and equipment

8.1 Material accounting policy information

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Leasehold land and buildings	1.0%
Motor vehicles	20.0%
Office equipment	15.0%
Computer equipment	20.0%
Furniture and fittings	10.0%

Depreciation methods, useful lives and residual values are reassessed at the end of the reporting period, and adjusted as appropriate.

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8. Property and equipment (cont'd.)

Group and Company	Note	Leasehold land and building USD	Motor vehicles USD	Office equipment USD	Computer equipment USD	Furniture and fittings USD	Total USD
Cost							
At January 1st, 2024		11,945,286	179,976	213,944	1,008,916	1,761,209	15,109,331
Additions		-	-	13,358	36,441	123,150	172,949
Write-off		-	-	(376)	(51,885)	(2,413)	(54,674)
At December 31st, 2024		11,945,286	179,976	226,926	993,472	1,881,946	15,227,606
Additions		-	-	8,372	41,785	2,009	52,166
At December 31st, 2025		11,945,286	179,976	235,298	1,035,257	1,883,955	15,279,772
Accumulated depreciation							
At January 1st, 2024		1,548,047	135,743	197,711	808,272	1,559,791	4,249,564
Charge for year	7	125,709	18,303	5,758	72,567	150,882	373,219
Write-off		-	-	(376)	(51,885)	(2,413)	(54,674)
At December 31st, 2024		1,673,756	154,046	203,093	828,954	1,708,260	4,568,109
Charge for year	7	125,709	18,303	4,439	105,171	16,666	270,288
At December 31st, 2025		1,799,465	172,349	207,532	934,125	1,724,926	4,838,397
Net carrying amount							
December 31st, 2025		10,145,821	7,627	27,766	101,132	159,029	10,441,375
December 31st, 2024		10,271,530	25,930	23,833	164,518	173,686	10,659,497
January 1st, 2024		10,397,239	44,233	16,233	200,644	201,418	10,859,767

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9. Right-of-use assets

9.1 Material accounting policy information

(a) Lease and non-lease components

At the inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease arrangement based on whether the contract conveys to the user ("the lessee") the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. The Group and the Company combine lease and non-lease components, in cases where splitting the non-lease component is not possible.

(b) Recognition and exemption

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right of use of the underlying assets.

(i) Leases with a lease term of 12 months or shorter

The Group and the Company apply the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date that does not have renewable clause options and purchase options.

(ii) Leases for low-value assets which is less than USD 5,000

The Group and the Company also apply the lease of low-value assets recognition exemption to leases of assets that are considered of low value and are recognised as expense in profit and loss on a straight-line basis over the lease term.

The Group and the Company are to recognise the lease payments, when incurred, in profit or loss for the leases that do not meet the ROU assessment and for which it has applied the exemptions permitted by the standard.

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9. Right-of-use assets (cont'd.)

9.1 Material accounting policy information (cont'd.)

The Group and the Company have the option, under some of its leases to lease the assets for additional terms of three to five years. The Group and the Company apply judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e. a change in business strategy).

The movement of right-of-use assets is disclosed as follows:

Group and Company	Note	Office premise USD	Office equipment USD	Total USD
At January 1st, 2024		52,136	3,847	55,983
Additions		83,297	28,440	111,737
Depreciation charge for the year	7	(101,857)	(22,060)	(123,917)
Exchange differences		15,572	5,315	20,887
At 31 December 2024		49,148	15,542	64,690
Additions		207,967	-	207,967
Depreciation charge for the year	7	(83,236)	(10,747)	(93,983)
Exchange differences		9,043	-	9,043
At 31 December 2025		182,922	4,795	187,717

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10. Intangible assets

10.1 Material accounting policy information

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is reflected in income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in the accounting estimates.

Acquired off-the-shelf computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 years.

Costs associated with maintaining the computer software programmes are recognised as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include employee costs incurred as a result of developing software and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives for a period of 10 years.

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10. Intangible assets (cont'd.)

10.1 Material accounting policy information (cont'd.)

(ii) Other Intangible Assets (cont'd.)

Participation rights relate to the cost incurred by the Group in the Lloyd's auctions in order to acquire rights to participate on the syndicate's underwriting years. These rights are for a period of 5 years and are amortised accordingly over 5 years.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in income statements when the asset is derecognised.

Computer software work-in-progress (WIP) represents expenditure on computer software and operating systems during the implementation stage of the new computer software. Following the initial recognition of the expenditure, the cost model is applied, requiring the asset to be carried at cost less any accumulated impairment losses. Amortisation of the asset begins when the new computer software is available for use and after the carrying amount is re-classified to computer software. During the period when the asset is not yet in use, it is tested for impairment annually.

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10. Intangible assets

Group	Note	Goodwill USD	Participation rights USD	Computer software USD	Computer software WIP USD	Total USD
Cost						
At January 1st, 2024		1,965,287	1,220,697	5,625,587	623,316	9,434,887
Additions		-	-	211,338	257,589	468,927
Exchange fluctuation		(32,437)	(20,148)	-	-	(52,585)
At December 31st, 2024		1,932,850	1,200,549	5,836,925	880,905	9,851,229
Additions		-	-	236,263	-	236,263
Transfer		-	-	506,896	(506,896)	-
Adjustments*		-	-	-	(338,795)	(338,795)
Exchange fluctuation		143,676	89,241	-	-	232,917
At December 31st, 2025		2,076,526	1,289,790	6,580,084	35,214	9,981,614
Accumulated Amortisation and Impairment Loss						
At January 1st, 2024						
Accumulated amortisation		-	1,220,697	3,704,389	-	4,925,086
Amortisation for the year	7	-	-	352,567	-	352,567
Exchange fluctuation		-	(20,148)	-	-	(20,148)
At December 31st, 2024						
Accumulated amortisation		-	1,200,549	4,056,956	-	5,257,505
Amortisation for the year	7	-	-	418,204	-	418,204
Impairment loss	7	-	-	364,861	-	364,861
Exchange fluctuation		-	89,241	-	-	89,241
At December 31st, 2025						
Accumulated amortisation		-	1,289,790	4,475,160	-	5,764,950
Accumulated impairment loss		-	-	364,861	-	364,861
		-	1,289,790	4,840,021	-	6,129,811
Net carrying amount						
December 31st, 2025		2,076,526	-	1,740,063	35,214	3,851,803
December 31st, 2024		1,932,850	-	1,779,969	880,905	4,593,724
January 1st, 2024		1,965,287	-	1,921,198	623,316	4,509,801

**This amount represents the reversal of capitalised costs over accrued in prior year.*

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10. Intangible assets (cont'd.)

Company	**Note**	**Computer software USD**	**Computer software WIP USD**	**Total USD**
Cost				
At January 1st, 2024		5,625,587	623,316	6,248,903
Additions		211,338	257,589	468,927
At December 31st, 2024		5,836,925	880,905	6,717,830
Additions		236,263	-	236,263
Transfer		506,896	(506,896)	-
Adjustments*		-	(338,795)	(338,795)
At December 31st, 2025		6,580,084	35,214	6,615,298
Accumulated Amortisation and Impairment Loss				
At January 1st, 2024				
Accumulated amortisation		3,704,389	-	3,704,389
Amortisation for the year	7	352,567	-	352,567
At December 31st, 2024				
Accumulated amortisation		4,056,956	-	4,056,956
Amortisation for the year	7	418,204	-	418,204
Impairment loss	7	364,861	-	364,861
At December 31st, 2025				
Accumulated amortisation		4,475,160	-	4,475,160
Accumulated impairment loss		364,861	-	364,861
		4,840,021	-	4,840,021
Net carrying amount				
December 31st, 2025		1,740,063	35,214	1,775,277
December 31st, 2024		1,779,969	880,905	2,660,874
January 1st, 2024		1,921,198	623,316	2,544,514

**This amount represents the reversal of capitalised costs over accrued in prior year.*

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10. Intangible assets (cont'd.)

Impairment Test for Goodwill

(a) Allocation of Goodwill

Goodwill arising from the acquisition of a subsidiary has been allocated to the Group's Cash-Generating Unit (CGU) as follows:

Corporate vehicle to underwrite the Lloyd's syndicates:

	United Kingdom	
	2025	**2024**
Group	**USD**	**USD**
At January 1st	1,932,850	1,965,287
Exchange fluctuation	143,676	(32,437)
At December 31st	2,076,526	1,932,850

(b) Key Assumptions Considered in CGU Recoverable Amount Calculation

The recoverable amount of the CGU is determined using the cash flow projections based on the syndicates' business plans for the Year of Account immediately following the reporting date.

The capacity and anticipated return on capacity from the participation in the syndicates for the 2025 and 2026 Years of Account ("YOA") are as follows:

	2026 YOA	**2025 YOA**
Capacity	USD40.4m	USD34.4m
Weighted Average Return on Capacity	12.66%	11.90%

(c) Sensitivity to the Effect of Changes in Estimates

The syndicates' business plans are subject to uncertainties inherent in the estimation process.

The CGU is advised on quarterly basis of any changes to the return on capacity after taking into account the claims incurred and investment returns achieved to-date. Recoverable amount is the actual profit reported following the closure of that particular underwriting year. Based on the capacity for 2026 YOA, the weighted average return on goodwill is 5.15% (2025 YOA: 5.61%) for the recoverable amount to be reduced to its carrying amount.

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11. Investment in subsidiary

A subsidiary is an entity controlled by the Company. The Company has control over an entity when:

- it has power over the entity;
- it has exposure, or rights, to variable returns from its investment with the entity; and
- it has the ability to use its power over the entity to affect the amount of its returns.

In the Company's separate financial statements, the investment in subsidiary is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in the income statement.

Company	31 December 2025 USD	31 December 2024 USD	1 January 2024 USD
Unquoted shares, at cost	186,910	186,910	186,910

Details of the subsidiary, are as follows:

Name of Subsidiary	Country of incorporation and principal place of business	Principal activities	Proportion of ownership interest 31 December 2025	31 December 2024	1 January 2024
Labuan Re Underwriting Limited ("LRUL")	England and Wales	Trading as Lloyd's corporate member	100%	100%	100%

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12. Financial investments

12.1 Material accounting policy information

(i) Investments and other financial assets

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

Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are classified, at initial recognition, as financial assets measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

In order for a financial asset to be classified and measured at AC or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Despite the above, the Group and the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Company may irrevocably designate a debt investment that meets the AC or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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12. Financial investments (cont'd.)

12.1 Material accounting policy information (cont'd.)

(i) Investments and other financial assets (cont'd.)

Classification of financial assets (cont'd.)

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at AC (for debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (for debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (for equity instruments); or
- Financial assets at FVTPL.

AC
Financial assets are measured at amortised cost if the assets are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows which represent SPPI. On derecognition, gains or losses are recognised in the income statement.

FVOCI
Financial assets in this category are those financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual cash flows represent solely payments of principal and interest.

(a) Financial assets at FVOCI (debt instruments)

Financial assets at FVOCI for debt instruments are measured at fair value. Exchange differences, interest and dividend income on financial assets at FVOCI are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. Other net gains and losses are recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. On derecognition, gains or losses accumulated in other comprehensive income are reclassified to profit or loss.

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12. Financial investments (cont'd.)

12.1 Material accounting policy information (cont'd.)

(i) Investments and other financial assets (cont'd.)

Classification of financial assets (cont'd.)

(b) Financial assets at FVOCI (equity instruments)

Equity instruments are normally measured at FVTPL. However, for non-traded equity instruments, with an irrevocable option at inception, the Company can elect to classify as equity instruments designated at fair value through other comprehensive income when they meet the definition and is not held for trading. The classification is determined on an instrument-by-instrument (i.e share-by-share) basis. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. However, the Group and the Company are to transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

FVTPL

Financial assets in this category are those financial assets that are held for trading or financial assets that qualify for neither held at AC nor at FVOCI. This category includes debt instruments whose cash flow characteristic fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both collect contractual cash flows and sell. Equity instruments that were not elected for FVOCI will be measured at FVTPL.

Business model assessment

The Group and the Company determine their business model at the level that best reflects how they manage the groups of financial assets to achieve their business objective.

The Group and the Company hold financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Group and the Company consider the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to optimise return for shareholders as well as for future business development.

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12. Financial investments (cont'd.)

12.1 Material accounting policy information (cont'd.)

(i) Investments and other financial assets (cont'd.)

Business model assessment (cont'd.)

The Group and the Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported;

- How the Group and the Company are compensated, e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether Management's strategy focuses on earning contractual interest/profit income, maintaining a particular interest/profit rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets; and

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

The Group and the Company should assess their business model at each reporting period in order to determine whether the model has changed since the preceding period. Changes in business model are not expected to be frequent but should such an event take place, it must be:

- Determined by the Group's and the Company's key management personnel as a result of external or internal changes;
- Significant to the Group's and the Company's operations; and
- Demonstrable to external parties.

A change in the business model will occur only when the Group and the Company begin or cease to perform an activity that is significant to its operations. Changes in the objective(s) of the business model must be effected before the reclassification date.

12. Financial investments (cont'd.)

12.1 Material accounting policy information (cont'd.)

(i) Investments and other financial assets (cont'd.)

The SPPI Test

The Group and the Company assess the contractual terms of the financial assets to identify whether they meet the SPPI test.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g. if there are repayments of principal or amortisation/accretion of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. In assessing the SPPI test, the Group and the Company apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest/profit rate is set.

Impairment of financial instruments

The Group and the Company recognise an allowance for expected credit losses ("ECL") for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the appropriate effective interest rate.

The ECL model applies to all financial assets held by the Group and the Company except for:

- Financial assets measured at FVTPL;
- Equity instruments; and
- Malaysian government securities ("MGS/GII") are considered low credit risk assets as the Malaysian federal government has strong capacity in repaying the instruments upon maturity. In addition, there is no past historical lost experiences arising from these government securities.

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12. Financial investments (cont'd.)

(i) Investments and other financial assets (cont'd.)

Impairment of financial instruments (cont'd.)

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

The Group and the Company will generally be required to apply the 'three-stage' approach based on the change in credit quality since initial recognition:

<u>Stage 1: 12-month ECL</u>
For financial assets that have no significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the 12-month ECL which is based on the probability of default events occurring within the next 12 months will be recognised in income statement.

<u>Stage 2: Lifetime ECL – Non-credit impaired</u>
For financial assets that have significant increase in credit risks since initial recognition but do not have objective evidence of impairment, a lifetime ECL that is based on the results from all possible default events over the expected life of the financial assets will be recognised in income statement.

<u>Stage 3: Impairment – Credit impaired</u>
Financial assets are assessed as credit impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit impaired, impairment will be recognised in income statement.

The assessment of credit risk and estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions, forecasts of future events and economic conditions at the reporting date.

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12. Financial investments (cont'd.)

(i) Investments and other financial assets (cont'd.)

Impairment of financial instruments (cont'd.)

Forward-looking information and ECL measurement

The amount of credit loss recognised is based on forward-looking estimates to reflect the current and forecast economic conditions. The forward looking adjustment is interpreted as an adjustment to the expected future economic conditions, as indicated by different macroeconomic factors and/or expert experienced in credit judgement.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD The ***Probability of Default*** is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.

- EAD The ***Exposure at Default*** is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the financial year end, including repayments of principal and interest/profit, whether scheduled by contract or otherwise, and accrued interest from missed payments.

- LGD The ***Loss Given Default*** is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group and the Company would expect to receive. It is usually expressed as a percentage of the EAD.

In its ECL model, the Group and the Company rely on a broad range of forward-looking information as economic inputs, such as Gross Domestic Product ("GDP"), inflation, currency rates and stock index.

Insurance/takaful receivables

The impairment on insurance/takaful receivables is measured using the simplified approach at initial recognition and throughout its life at an amount equal to lifetime ECL. The ECL is calculated using a provision matrix based on historical data where the insurance/takaful receivables are grouped based on level of business segregation and different reinsurance/retakaful premium/contribution type's arrangement respectively. Impairment is calculated on the total outstanding balances including those balances aged from current to 12 months and above. Roll rates are applied on the outstanding balances in the ageing bucket which forms the base of the roll rate. Forward-looking factors are also considered during the calculation of ECL.

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12. Financial investments (cont'd.)

Group and Company	31.12.2025 USD	31.12.2024 USD	01.01.2024 USD
Government securities	13,379,806	21,417,502	30,889,934
Debt securities	229,210,662	209,136,537	170,385,086
Equity securities	44,919,556	41,110,754	44,435,157
Unit, exchange-traded and real estate trust funds	26,933,356	9,608,151	8,955,160
Deposits with financial institutions	34,339,229	44,773,071	46,928,347
	348,782,609	326,046,015	301,593,684

Financial investments are summarised by categories as follows:

Group and Company		31.12.2025 USD	31.12.2024 USD	01.01.2024 USD
Fair value through profit or loss ("FVTPL")	(a)	289,121,016	281,272,944	254,665,337
Fair value through other comprehensive income ("FVOCI")	(b)	25,322,364	-	-
Amortised cost ("AC")	(c)	34,339,229	44,773,071	46,928,347
		348,782,609	326,046,015	301,593,684

(a) Fair value through profit or loss

Group and Company	31.12.2025 USD	31.12.2024 USD	01.01.2024 USD
Equity securities			
Quoted in Malaysia	12,804,647	12,178,679	8,446,730
Quoted outside Malaysia	32,114,909	28,932,075	35,988,427
Government securities			
Unquoted in Malaysia	5,100,274	6,769,815	6,563,034
Unquoted outside Malaysia	8,279,532	14,647,687	24,326,900
Debt securities			
Unquoted in Malaysia	48,199,699	37,839,691	33,551,082
Unquoted outside Malaysia	155,688,599	171,296,846	136,834,004
Unit trust funds	2,759,407	3,376,459	6,254,490
Exchange-traded funds	15,064,239	4,902,868	1,970,532
Real estate trust funds	9,109,710	1,328,824	730,138
	289,121,016	281,272,944	254,665,337

The fair values of the FVTPL financial assets are their quoted prices on the stock exchanges or the broker/dealer's price quotations.

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12. Financial investments (cont'd.)

(b) Fair value through other comprehensive income

Group and Company	**31.12.2025 USD**	**31.12.2024 USD**	**01.01.2024 USD**
Debt securities:			
Unquoted outside Malaysia	25,322,364	-	-
	25,322,364	-	-

(c) Amortised cost

Group and Company	**31.12.2025 USD**	**31.12.2024 USD**	**01.01.2024 USD**
Fixed and call deposits with:			
Licensed financial institutions in Malaysia	34,339,229	44,773,071	46,928,347
	34,339,229	44,773,071	46,928,347

Fixed deposits amounting to USD147,900 (2024: USD147,900) have been pledged via Letter of Credit as a form of collateral with Hannover Rueck SE ("Hannover"), as disclosed in Note 24.

(d) Fair values of financial investments

The following tables show the financial investments recorded at fair values as at 31 December 2025, 31 December 2024 and 1 January 2024, analysed by the different bases of fair values:

Group and Company	**FVTPL USD**	**FVOCI USD**
At 31 December 2025		
Quoted market price	71,852,912	-
Valuation techniques – market observable inputs	217,268,104	25,322,364
	289,121,016	25,322,364
At 31 December 2024		
Quoted market price	50,718,905	-
Valuation techniques – market observable inputs	230,554,039	-
	281,272,944	-
At 1 January 2024		
Quoted market price	53,390,317	-
Valuation techniques – market observable inputs	201,275,020	-
	254,665,337	-

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12. Financial investments (cont'd.)

(d) Fair values of financial investments (cont'd.)

Included in the quoted market price category are financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Fair value of investment in unit, exchange traded and real estate trust funds are obtained via the fund managers.

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, instruments with fair values based on broker quotes and instruments that are valued using the Company's own models whereby the majority of assumptions are market observable.

Non-market observable inputs mean that fair values are determined in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This technique is used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the instrument at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group and the Company. Therefore, unobservable inputs reflect the Group's and the Company's own assumptions about what the market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best available information, which might include the Group's and the Company's own data.

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13. Insurance/takaful and reinsurance contracts

13.1 Material accounting policy information (cont'd.)

(a) Insurance/takaful and reinsurance contracts classification

The Group and the Company issue insurance contracts/takaful certificates in the normal course of business, under which they accept significant insurance/takaful risk from the cedants. As a general guideline, the Group and the Company determines whether it has significant insurance/takaful risk, by comparing benefits payable after a covered event with benefits payable if the covered event had not occurred. Insurance contracts/takaful certificates can also transfer financial risk.

(b) Insurance/takaful and reinsurance contracts accounting treatment

(i) Separating components from insurance/takaful and reinsurance contracts

The Group and the Company assess their insurance contracts/takaful certificates to determine whether they contain distinct components which must be accounted for under another MFRS rather than MFRS 17. After separating any distinct components, an entity must apply MFRS 17 to all remaining components of the (host) insurance contracts/takaful certificates. Currently, the Group and the Company's products do not include distinct components that require separation.

The Group and the Company also assess their insurance contracts/takaful certificates to determine whether they contain non-distinct investment component. MFRS 17 defines investment components as the amounts that are insurance contract/takaful certificates requires an insurer/takaful operator to repay to a cedant in all circumstances, regardless of whether a covered event occurs. Investment components which are highly interrelated with the insurance contract/takaful certificates of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are recorded outside of profit or loss.

The investment components of reinsurance contracts held are represented by profit commission and sliding scale commission. These components have been assessed to be closely related to the reinsurance contracts held and are not separated; therefore, they are non-distinct investment components which are not accounted for separately.

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1 Material accounting policy information (cont'd.)

(b) Insurance/takaful and reinsurance contracts accounting treatment (cont'd.)

(ii) Level of aggregation

The level of aggregation for the Group and the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder.

The Group and the Company have defined portfolios of insurance contracts/takaful certificates issued by first classifying business between domestic and overseas business. These portfolios are then further segregated by conventional and retakaful business, line of business and subsequently by type of business (proportional, non-proportional and facultative), based on the Group's and the Company's assessment of contracts that are subject to similar risks and are managed together. The expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which took into consideration the existing and new businesses. In determining groups of contracts, the Group and the Company have elected to include cedants with different characteristics in the same group where its ability to set prices or levels of benefits for cedants with different characteristics is constrained by regulation.

The insurance contracts/takaful certificates portfolios are divided into:
- A group of contracts that are onerous at initial recognition.
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently.
- A group of the remaining contracts in the portfolio.

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

The reinsurance contracts held portfolios are further divided into:
- A group of contracts on which there is a net gain on initial recognition.
- A group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition.
- A group of the remaining contracts in the portfolio.

All the contracts within a group are issued within one year (annual cohorts). Groups of contracts are defined at initial recognition and are not reassessed after initial recognition.

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1 Material accounting policy information (cont'd.)

(b) Insurance/takaful and reinsurance contracts accounting treatment (cont'd.)

(iii) Recognition

The Group and the Company recognise groups of insurance contracts/takaful certificates that they issue from the earliest of the following:

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

The Group and the Company recognise a group of reinsurance contracts held:

- If the reinsurance contracts provide proportionate coverage, at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract.
- In all other cases, from the beginning of the coverage period of the first contract in the group.

The reinsurance contracts held by the Group and the Company include proportionate cover. Therefore the Group and the Company do not recognise a proportional reinsurance contract held until at least one underlying Insurance contract/takaful certificates has been recognised. Other groups of reinsurance contract held are recognised when the coverage of the first underlying contract starts.

The Group and the Company add new contracts to the group when they are issued or initiated.

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1 Material accounting policy information (cont'd.)

(b) Insurance/takaful and reinsurance contracts accounting treatment (cont'd.)

(iv) Onerous groups of contracts

The Group and the Company issue some contracts/certificates before the coverage period starts and the first premium/contribution becomes due. Therefore, the Group and the Company have determined whether any contracts/certificates issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a cedant in the group is due. The Group and the Company assume that no contracts/certificates in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts/certificates that are not onerous, the Group and the Company assess, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Group and the Company look at facts and circumstances to identify if a group of contracts is onerous based on:

- Pricing information.
- Results of similar contracts they have recognised.
- Environmental factors, e.g. a change in market experience or regulations.

(v) Contract boundary

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

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

Or

- Both of the following criteria are satisfied:
  - The Group and the Company have the practical ability to reassess the risks of the portfolio of insurance contracts/takaful certificates that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.
  - The pricing of the premiums/contributions for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1 Material accounting policy information (cont'd.)

(b) Insurance/takaful and reinsurance contracts accounting treatment (cont'd.)

(v) Contract boundary (cont'd.)

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

For insurance contracts/takaful certificates with renewal periods, the Group and the Company assess whether premiums/contributions and related cash flows that arise from the renewed contracts are within the contract boundary. The pricing of the renewals are established by the Group and the Company by considering all the risks covered for the cedant by the Group and the Company. The Group and the Company consider when underwriting equivalent contracts on the renewal dates for the remaining coverage. The Group and the Company reassess contract boundary of each group at the end of each reporting period.

(vi) Measurement - Premium Allocation Approach ("PAA")

(a) PAA Eligibility

The coverage period for most insurance contracts is one year or less, which automatically qualifies them for the PAA. Some insurance contracts have coverage periods greater than one year. However, as there is no material difference in measuring the Liability for Remaining Coverage (“LFRC”) between the PAA and the general model, these contracts also qualify for the PAA. In assessing materiality, the Group and the Company have also considered qualitative factors such as the nature of the risk and types of its lines of business.

(b) Insurance acquisition cash flows for insurance contracts/takaful certificates

Insurance acquisition cash flows are incremental costs directly attributable to the issuance of reinsurance contracts, such as commissions, underwriting expenses, and policy issuance costs. Insurance acquisition cash flows are deferred and included in the measurement of the liability for remaining coverage. They are amortized systematically over the coverage period in line with the recognition of insurance revenue.

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1 Material accounting policy information (cont'd.)

(b) Insurance/takaful and reinsurance contracts accounting treatment (cont'd.)

(vi) Measurement - Premium Allocation Approach ("PAA") (cont'd.)

(c) LFRC, adjusted for financial risk and time value of money

For groups of contracts that are onerous, the LFRC is adjusted to reflect the effect of the time value of money and changes in the time value of money. For group of contracts that are not onerous, no allowance is made for the accretion of interest on the LFRC, as the premiums are received within one year of the coverage period.

(d) Liability for Incurred Claims ("LFIC") adjusted for time value of money

The LFIC is adjusted to reflect the time value of money and the effect of financial risk regardless of whether the cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

(e) Insurance finance income and expense

The change in LFIC as a result of the effect of time value of money and changes in discount rates.

The Group's and the Company’s accounting policy choice is to not disaggregate insurance finance income or expense between the income statement and the statement of comprehensive income for the impact of the changes in fulfilment cash flow for LFRC and LFIC as a result of changes in discount rate or as a result of the change in financial risk.

(vii) Insurance contracts/takaful certificates – initial measurement

The Group and the Company apply PAA to all the insurance contracts that they issue and reinsurance contracts that they hold as explained in Note 13(b)(vi):

For a group of contracts that is not onerous at initial recognition, the Group and the Company measure the LFRC as:

- The premiums, if any, received at initial recognition;
- Minus any insurance acquisition cash flows at that date;
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows; and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group and the Company pay or receive before the group of insurance contracts is recognised.

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1 Material accounting policy information (cont'd.)

(b) Insurance/takaful and reinsurance contracts accounting treatment (cont'd.)

(vii) Insurance contracts/takaful certificates – initial measurement (cont'd.)

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group and the Company perform additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Group and the Company recognise a loss in the income statement for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group and the Company for the LFRC for such onerous group depicting the losses recognised.

(viii) Insurance contracts/takaful certificates – subsequent measurement

The Group and the Company measure the carrying amount of the LFRC at the end of each reporting period as the LFRC at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the LFIC

The Group and the Company estimate the LFIC as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group and the Company, and include an explicit adjustment for non-financial risk (the risk adjustment).

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

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1 Material accounting policy information (cont'd.)

(b) Insurance/takaful and reinsurance contracts accounting treatment (cont'd.)

(ix) Reinsurance contracts held - initial measurement

The Group and the Company measure their reinsurance contract assets for a group of reinsurance contracts that they hold on the same basis as insurance contracts that they issue. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

On initial recognition of a group of reinsurance contracts held, the Group and the Company measure the asset for the remaining coverage ("AFRC") at the amount of ceding premiums paid on initial recognition minus commission income received.

Where the Group and the Company recognise a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group and the Company establish a loss-recovery component of the AFRC for a group of reinsurance contracts held depicting the recovery of losses.

The Group and the Company calculate the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the ratio of expected reinsurance receivable to expected outgo arising from the underlying insurance contracts. The Group and the Company use a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the AFRC.

(x) Reinsurance contracts - subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1 Material accounting policy information (cont'd.)

(b) Insurance/takaful and reinsurance contracts accounting treatment (cont'd.)

(x) Reinsurance contracts - subsequent measurement (cont'd.)

Where the Group and the Company have established a loss-recovery component, the Group and the Company subsequently reduce the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

The Group and the Company measure the carrying value of the amounts recoverable on incurred claims ("ARIC") at the end of each reporting period. The Company recognises the ARIC for a group of reinsurance contracts held at the amount of the fulfilment cash flows relating to the claims recoverable.

(xi) Insurance contracts/takaful certificates - modification and derecognition

The Group and the Company derecognise insurance contracts/takaful certificates when:

- The rights and obligations relating to the contract are extinguished (i.e. discharged, cancelled or expired).

Or

- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Group and the Company derecognise the initial contract and recognise the modified contract as a new contract.

When a modification is not treated as a derecognition, the Group and the Company recognise amounts paid or received for the modification with the contract as an adjustment to the relevant LFRC.

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1 Material accounting policy information (cont'd.)

(b) Insurance/takaful and reinsurance contracts accounting treatment (cont'd.)

(xii) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Group and the Company use a systematic and rational method to allocate:

(a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:

(i) to that group; and

(ii) to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

(b) Insurance acquisition cash flows that are not directly attributable to a group of contracts, to groups in the portfolio.

The Company does not generally pay or incur insurance acquisition cash flows before a related group of insurance contracts is recognised in the statements of financial position. No asset for insurance acquisition cash flows has therefore been recognised.

(xiii) Risk adjustment for non-financial risk

An explicit risk adjustment for non-financial risk is estimated separately from the discounted FCF. For contracts measured under the PAA, unless contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LFIC and ARIC. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows.

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1 Material accounting policy information (cont'd.)

(b) Insurance/takaful and reinsurance contracts accounting treatment (cont'd.)

(xiv) Non-distinct investment components

The Group and the Company identify the non-distinct investment components of a contract by determining the amount that they would be required to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. The receipt of this deposit component and the subsequent repayment do not relate to insurance services. Non-distinct investment components are therefore excluded from insurance revenue and insurance service expenses and are considered as part of an insurance contract liability.

(xv) Qard

Any deficit in the participants' risk fund within the General Takaful Fund is made good via a Qard, which is a profit free financing, granted by the operator’s fund to the participants' risk fund. In the participants' risk fund, the Qard is included in fulfilment cash flows used to measure the takaful liabilities under MFRS 17.

When a deficit arises after exhausting all available sources to offset it, a qard cash flow equivalent to the deficit will be calculated. On a deterministic present value basis, no expected qard repayments would occur, as all available sources have already been utilized. Consequently, when a qard is established, it will appear as a cash outflow for the takaful operator and a cash inflow for the takaful fund, without a corresponding qard repayment inflow to the takaful operator. However, to the extent that surplus arises in the takaful fund in the future, this surplus will be used to repay the qard outstanding at the reporting date.

(xvi) Loss components

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

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1 Material accounting policy information (cont'd.)

(b) Insurance/takaful and reinsurance contracts accounting treatment (cont'd.)

(xvi) Loss components (cont'd.)

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

Loss-recovery components

When the Group and the Company recognise a loss on initial recognition of an onerous group of underlying insurance contracts/takaful certificates or when further onerous underlying insurance contracts/takaful certificates are added to a group, the Group and the Company establish a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

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

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1 Material accounting policy information (cont'd.)

(b) Insurance/takaful and reinsurance contracts accounting treatment (cont'd.)

(xvi) Loss components (cont'd.)

Loss-recovery components (cont'd.)

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

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

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1 Insurance contracts/takaful certificates issued

The roll-forward of the net asset or liability for insurance contracts/takaful certificates issued for contracts measured under the PAA, showing the liability for remaining coverage and the liability for incurred claims for portfolios included in the Group, is disclosed in the table below:

		2025					2024 (Restated)				
		Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
Group	**Note**	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**
		USD	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Insurance/takaful contract liabilities as at 1 January (As previously stated)		120,044,873	(7,687,628)	(379,233,712)	(28,942,610)	(295,819,077)	138,804,943	(13,512,853)	(366,555,618)	(21,591,482)	(262,855,010)
Impact of remeasurement		(55,713,143)	(205,234)	53,538,055	(6,813,993)	(9,194,315)	(64,873,151)	1,889,223	53,112,607	(7,131,712)	(17,003,033)
Insurance/takaful contract liabilities as at 1 January (Restated)		64,331,730	(7,892,862)	(325,695,657)	(35,756,603)	(305,013,392)	73,931,792	(11,623,630)	(313,443,011)	(28,723,194)	(279,858,043)
Insurance/takaful contract assets as at 1 January		-	-	-	-	-	-	-	-	-	-
Net insurance/takaful contract/certificates assets/(liabilities) as at 1 January (Restated)		**64,331,730**	**(7,892,862)**	**(325,695,657)**	**(35,756,603)**	**(305,013,392)**	**73,931,792**	**(11,623,630)**	**(313,443,011)**	**(28,723,194)**	**(279,858,043)**
Insurance/takaful revenue		183,843,053	-	-	-	183,843,053	180,673,690	-	-	-	180,673,690
Insurance/takaful service expense	4	(27,721,541)	2,793,070	(117,207,763)	(784,629)	(142,920,863)	(27,276,912)	3,387,030	(124,169,512)	(6,695,274)	(154,754,668)
Incurred claims and other expenses		-	-	(143,917,568)	(16,839,688)	(160,757,256)	-	-	(150,400,964)	(17,049,551)	(167,450,515)
Amortisation of insurance/takaful acquisition cash flows		(27,721,541)	-	-	-	(27,721,541)	(27,276,912)	-	-	-	(27,276,912)
Losses on onerous contracts and reversals of those losses		-	2,793,070	-	-	2,793,070	-	3,387,030	-	-	3,387,030
Changes to liabilities for incurred claims		-	-	26,709,805	16,055,059	42,764,864	-	-	26,231,452	10,354,277	36,585,729
Investment components		**1,662,127**	**-**	**(1,662,127)**	**-**	**-**	**1,802,672**	**-**	**(1,802,672)**	**-**	**-**
Insurance/takaful service result		**157,783,639**	**2,793,070**	**(118,869,890)**	**(784,629)**	**40,922,190**	**155,199,450**	**3,387,030**	**(125,972,184)**	**(6,695,274)**	**25,919,022**
Insurance/takaful finance expenses		**-**	**(307,823)**	**(6,993,071)**	**(1,001,904)**	**(8,302,798)**	**-**	**(390,986)**	**(5,894,180)**	**(772,227)**	**(7,057,393)**
Effect of movements in exchange rates		**2,904,430**	**(348,941)**	**(11,756,029)**	**(1,659,981)**	**(10,860,521)**	**(2,751,430)**	**734,724**	**4,051,838**	**434,092**	**2,469,224**
Total changes in the statements of profit or loss		**160,688,069**	**2,136,306**	**(137,618,990)**	**(3,446,514)**	**21,758,871**	**152,448,020**	**3,730,768**	**(127,814,526)**	**(7,033,409)**	**21,330,853**
Cash flows and other movements											
Premiums/contributions received		(183,068,601)	-	-	-	(183,068,601)	(177,962,526)	-	-	-	(177,962,526)
Insurance acquisition cash flows		31,122,671	-	-	-	31,122,671	24,233,504	-	-	-	24,233,504
Claims and other expenses paid		-	-	106,932,000	-	106,932,000	-	-	87,471,260	-	87,471,260
Total cash flows		**(151,945,930)**	**-**	**106,932,000**	**-**	**(45,013,930)**	**(153,729,022)**	**-**	**87,471,260**	**-**	**(66,257,762)**
Other movements	a	(9,113,478)	-	7,058,483	-	(2,054,995)	(8,319,060)	-	28,090,620	-	19,771,560
Net insurance/takaful contract assets/(liabilities) as at 31 December		**63,960,391**	**(5,756,556)**	**(349,324,164)**	**(39,203,117)**	**(330,323,446)**	**64,331,730**	**(7,892,862)**	**(325,695,657)**	**(35,756,603)**	**(305,013,392)**
Insurance/takaful contract liabilities as at 31 December		63,960,391	(5,756,556)	(349,324,164)	(39,203,117)	(330,323,446)	64,331,730	(7,892,862)	(325,695,657)	(35,756,603)	(305,013,392)
Insurance/takaful contract assets as at 31 December		-	-	-	-	-	-	-	-	-	-
Net insurance/takaful contract assets/(liabilities) as at 31 December		**63,960,391**	**(5,756,556)**	**(349,324,164)**	**(39,203,117)**	**(330,323,446)**	**64,331,730**	**(7,892,862)**	**(325,695,657)**	**(35,756,603)**	**(305,013,392)**

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1.1 Insurance contracts/takaful certificates issued (cont'd.)

The roll-forward of the net asset or liability for insurance contracts/takaful certificates issued for contracts measured under the PAA, showing the liability for remaining coverage and the liability for incurred claims for portfolios included in the Company, is disclosed in the table below:

		2025					2024 (Restated)				
		Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
Company	**Note**	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**
		USD	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Insurance/takaful contract liabilities as at 1 January (As previously stated)		92,839,728	(6,920,252)	(315,328,838)	(26,038,738)	(255,448,100)	108,238,006	(12,438,995)	(297,630,966)	(19,014,705)	(220,846,660)
Impact of remeasurement		(24,815,026)	(972,610)	56,846,152	(7,484,256)	23,574,260	(30,940,342)	815,365	61,936,736	(8,319,926)	23,491,833
Insurance/takaful contract liabilities as at 1 January (Restated)		68,024,702	(7,892,862)	(258,482,686)	(33,522,994)	(231,873,840)	77,297,664	(11,623,630)	(235,694,230)	(27,334,631)	(197,354,827)
Insurance/takaful contract assets as at 1 January		-	-	-	-	-	-	-	-	-	-
Net insurance/takaful contract assets/(liabilities) as at 1 January (restated)		**68,024,702**	**(7,892,862)**	**(258,482,686)**	**(33,522,994)**	**(231,873,840)**	**77,297,664**	**(11,623,630)**	**(235,694,230)**	**(27,334,631)**	**(197,354,827)**
Insurance/takaful revenue		173,641,036	-	-	-	173,641,036	171,350,885	-	-	-	171,350,885
Insurance/takaful service expense	**4**	(25,831,764)	2,793,070	(111,578,428)	336,604	(134,280,518)	(26,248,946)	3,387,030	(118,737,318)	(5,842,703)	(147,441,937)
Incurred claims and other expenses		-	-	(138,288,233)	(15,718,455)	(154,006,688)	-	-	(144,968,770)	(16,196,980)	(161,165,750)
Amortisation of insurance/takaful acquisition cash flows		(25,831,764)	-	-	-	(25,831,764)	(26,248,946)	-	-	-	(26,248,946)
Losses on onerous contracts and reversals of those losses		-	2,793,070	-	-	2,793,070	-	3,387,030	-	-	3,387,030
Changes to liabilities for incurred claims		-	-	26,709,805	16,055,059	42,764,864	-	-	26,231,452	10,354,277	36,585,729
Investment components		**1,662,127**	**-**	**(1,662,127)**	**-**	**-**	**1,802,672**	**-**	**(1,802,672)**	**-**	**-**
Insurance/takaful service result		**149,471,399**	**2,793,070**	**(113,240,555)**	**336,604**	**39,360,518**	**146,904,611**	**3,387,030**	**(120,539,990)**	**(5,842,703)**	**23,908,948**
Insurance/takaful finance expenses		**-**	**(307,823)**	**(6,770,222)**	**(957,215)**	**(8,035,260)**	**-**	**(390,986)**	**(5,712,266)**	**(748,089)**	**(6,851,341)**
Effect of movements in exchange rates		**2,939,389**	**(348,941)**	**(11,068,647)**	**(1,524,702)**	**(10,002,901)**	**(2,649,221)**	**734,724**	**3,899,852**	**402,429**	**2,387,784**
Total changes in the statements of profit or loss		**152,410,788**	**2,136,306**	**(131,079,424)**	**(2,145,313)**	**21,322,357**	**144,255,390**	**3,730,768**	**(122,352,404)**	**(6,188,363)**	**19,445,391**
Cash flows and other movements											
Premiums/contributions received		(183,068,603)	-	-	-	(183,068,603)	(177,962,525)	-	-	-	(177,962,525)
Insurance acquisition cash flows		31,122,671	-	-	-	31,122,671	24,233,504	-	-	-	24,233,504
Claims and other expenses paid		-	-	106,932,000	-	106,932,000	-	-	87,471,260	-	87,471,260
Total cash flows		**(151,945,932)**	**-**	**106,932,000**	**-**	**(45,013,932)**	**(153,729,021)**	**-**	**87,471,260**	**-**	**(66,257,761)**
Other movements	**a**	(14,212)	-	10,170,708	-	10,156,496	200,669	-	12,092,688	-	12,293,357
Net insurance/takaful contract assets/(liabilities) as at 31 December		**68,475,346**	**(5,756,556)**	**(272,459,402)**	**(35,668,307)**	**(245,408,919)**	**68,024,702**	**(7,892,862)**	**(258,482,686)**	**(33,522,994)**	**(231,873,840)**
Insurance/takaful contract liabilities as at 31 December		68,475,346	(5,756,556)	(272,459,402)	(35,668,307)	(245,408,919)	68,024,702	(7,892,862)	(258,482,686)	(33,522,994)	(231,873,840)
Insurance/takaful contract assets as at 31 December		-	-	-	-	-	-	-	-	-	-
Net insurance/takaful contract assets/(liabilities) as at 31 December		**68,475,346**	**(5,756,556)**	**(272,459,402)**	**(35,668,307)**	**(245,408,919)**	**68,024,702**	**(7,892,862)**	**(258,482,686)**	**(33,522,994)**	**(231,873,840)**

Note:

a. Included in other movements are amounts that are transferred to other items in the statement of financial position. The fulfilment cash flows may include amounts that are in the scope of a standard other than MFRS 17. For example, the Group and the Company have included some building depreciation costs in the fulfilment cash flows under paragraph B65(l) of MFRS 17. The Group and the Company remove such costs from the fulfilment cash flows when they are incurred and included in the carrying amount of another asset or liability (e.g. property and equipment) in accordance with the other standard.

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1.2 Reinsurance contracts held

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising from business ceded to reinsurers in the Group, is disclosed in the table below:

		2025					2024 (Restated)				
		Assets for remaining coverage		Amounts recoverable on incurred claims			Assets for remaining coverage		Amounts recoverable on incurred claims		
Group	**Note**	**Excluding loss recovery component**	**Loss-recovery component**	**Estimates of the present value of future cash flows**	**Risk Adjustment**	**Total**	**Excluding loss-recovery component**	**Loss-recovery component**	**Estimates of the present value of future cash flows**	**Risk Adjustment**	**Total**
		USD	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Reinsurance contract assets as at 1 January (As previously stated)		(35,024,140)	3,250,206	101,141,951	7,500,649	76,868,666	(18,174,706)	414,707	91,130,068	4,835,594	78,205,663
Impact of remeasurement		20,350,167	(152,590)	(48,318,481)	(1,489,992)	(29,610,896)	2,026,633	2,578,985	(25,209,141)	(110,203)	(20,713,726)
Reinsurance contract assets as at 1 January (Restated)		(14,673,973)	3,097,616	52,823,470	6,010,657	47,257,770	(16,148,073)	2,993,692	65,920,927	4,725,391	57,491,937
Reinsurance contract liabilities as at 1 January (As previously stated)		(721,626)	(1,567,564)	6,124	-	(2,283,066)	(26,813,248)	1,348,465	22,845,130	-	(2,619,653)
Impact of remeasurement		721,626	1,567,564	(6,124)	-	2,283,066	26,813,248	(1,348,465)	(22,845,130)	-	2,619,653
Reinsurance contract liabilities as at 1 January (Restated)		-	-	-	-	-	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 1 January (As previously stated)		**(35,745,766)**	**1,682,642**	**101,148,075**	**7,500,649**	**74,585,600**	**(44,987,954)**	**1,763,172**	**113,975,198**	**4,835,594**	**75,586,010**
Impact of remeasurement		**21,071,793**	**1,414,974**	**(48,324,605)**	**(1,489,992)**	**(27,327,830)**	**28,839,881**	**1,230,520**	**(48,054,271)**	**(110,203)**	**(18,094,073)**
Net reinsurance contract assets/(liabilities) as at 1 January (Restated)		**(14,673,973)**	**3,097,616**	**52,823,470**	**6,010,657**	**47,257,770**	**(16,148,073)**	**2,993,692**	**65,920,927**	**4,725,391**	**57,491,937**
Allocation of reinsurance premiums	5	(27,795,554)	-	-	-	(27,795,554)	(29,637,789)	-	-	-	(29,637,789)
Amounts recoverable from reinsurers	5	-	(3,002,890)	11,929,960	836,286	9,763,356	-	107,776	12,368,996	1,168,481	13,645,253
Net income or expense from reinsurance contracts held	**6**	**(27,795,554)**	**(3,002,890)**	**11,929,960**	**836,286**	**(18,032,198)**	**(29,637,789)**	**107,776**	**12,368,996**	**1,168,481**	**(15,992,536)**
Reinsurance finance income		**-**	**7,060**	**1,288,042**	**233,170**	**1,528,272**	**-**	**100,933**	**724,151**	**128,598**	**953,682**
Effect of changes in non-performance risk of reinsurers		**-**	**-**	**531,217**	**-**	**531,217**	**-**	**-**	**(176,511)**	**-**	**(176,511)**
Effect of movements in exchange rates		**(389,332)**	**128,662**	**898,204**	**334,338**	**971,872**	**(1,221,353)**	**(104,785)**	**578,904**	**(11,813)**	**(759,047)**
Total changes in the statements of profit or loss		**(28,184,886)**	**(2,867,168)**	**14,647,423**	**1,403,794**	**(15,000,837)**	**(30,859,142)**	**103,924**	**13,495,540**	**1,285,266**	**(15,974,412)**
Cash flows and other movements											
Premiums paid, net of commissions received		31,981,466	-	-	-	31,981,466	28,660,946	-	-	-	28,660,946
Amounts received		-	-	(12,322,000)	-	(12,322,000)	-	-	(17,823,609)	-	(17,823,609)
Total cash flows		**31,981,466**	**-**	**(12,322,000)**	**-**	**19,659,466**	**28,660,946**	**-**	**(17,823,609)**	**-**	**10,837,337**
Other movements	a	259,118	-	(2,258,816)	-	(1,999,698)	3,672,296	-	(8,769,388)	-	(5,097,092)
Net reinsurance contract (liabilities)/assets as at 31 December		**(10,618,275)**	**230,448**	**52,890,077**	**7,414,451**	**49,916,701**	**(14,673,973)**	**3,097,616**	**52,823,470**	**6,010,657**	**47,257,770**
Reinsurance contract assets as at 31 December		(10,618,275)	230,448	52,890,077	7,414,451	49,916,701	(14,673,973)	3,097,616	52,823,470	6,010,657	47,257,770
Reinsurance contract liabilities as at 31 December		-	-	-	-	-	-	-	-	-	-
Net reinsurance contract (liabilities)/assets as at 31 December		**(10,618,275)**	**230,448**	**52,890,077**	**7,414,451**	**49,916,701**	**(14,673,973)**	**3,097,616**	**52,823,470**	**6,010,657**	**47,257,770**

Note:

a. Included in other movements are amounts that are transferred to other items in the statement of financial position. The fulfilment cash flows may include amounts that are in the scope of a standard other than MFRS 17. For example, the Group and the Company have included some building depreciation costs in the fulfilment cash flows under paragraph B65(l) of MFRS 17. The Group and the Company remove such costs from the fulfilment cash flows when they are incurred and included in the carrying amount of another asset or liability (e.g. property and equipment) in accordance with the other standard.

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13. Insurance/takaful and reinsurance contracts (cont'd.)

13.1.2 Reinsurance contracts held (cont'd.)

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising from business ceded to reinsurers in the Company, is disclosed in the table below:

		2025					2024 (Restated)				
		Assets for remaining coverage		Amounts recoverable on incurred claims			Assets for remaining coverage		Amounts recoverable on incurred claims		
Company	**Note**	**Excluding loss recovery component**	**Loss-recovery component**	**Estimates of the present value of future cash flows**	**Risk Adjustment**	**Total**	**Excluding loss-recovery component**	**Loss-recovery component**	**Estimates of the present value of future cash flows**	**Risk Adjustment**	**Total**
		USD	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Reinsurance contract assets as at 1 January (As previously stated)		(25,118,521)	2,730,669	71,254,163	6,318,519	55,184,830	(7,034,154)	(160,087)	59,741,773	3,908,587	56,456,119
Impact of remeasurement		8,965,527	366,947	(44,219,980)	(1,068,118)	(35,955,624)	(10,231,392)	3,153,779	(23,801,736)	368,975	(30,510,374)
Reinsurance contract assets as at 1 January (Restated)		(16,152,994)	3,097,616	27,034,183	5,250,401	19,229,206	(17,265,546)	2,993,692	35,940,037	4,277,562	25,945,745
Reinsurance contract liabilities as at 1 January (As previously stated)		(721,626)	(1,567,564)	6,124	-	(2,283,066)	(26,813,248)	1,348,465	22,845,130	-	(2,619,653)
Impact of remeasurement		721,626	1,567,564	(6,124)	-	2,283,066	26,813,248	(1,348,465)	(22,845,130)	-	2,619,653
Reinsurance contract liabilities as at 1 January (Restated)		-	-	-	-	-	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 1 January (As previously stated)		**(25,840,147)**	**1,163,105**	**71,260,287**	**6,318,519**	**52,901,764**	**(33,847,402)**	**1,188,378**	**82,586,903**	**3,908,587**	**53,836,466**
Impact of remeasurement		**9,687,153**	**1,934,511**	**(44,226,104)**	**(1,068,118)**	**(33,672,558)**	**16,581,856**	**1,805,314**	**(46,646,866)**	**368,975**	**(27,890,721)**
Net reinsurance contract assets/(liabilities) as at 1 January (Restated)		**(16,152,994)**	**3,097,616**	**27,034,183**	**5,250,401**	**19,229,206**	**(17,265,546)**	**2,993,692**	**35,940,037**	**4,277,562**	**25,945,745**
Allocation of reinsurance premiums	**5**	(23,996,192)	-	-	-	(23,996,192)	(26,430,203)	-	-	-	(26,430,203)
Amounts recoverable from reinsurers	**5**	-	(3,002,890)	9,187,140	276,168	6,460,418	-	107,776	10,414,442	851,076	11,373,294
Net income or expense from reinsurance contracts held	**6**	**(23,996,192)**	**(3,002,890)**	**9,187,140**	**276,168**	**(17,535,774)**	**(26,430,203)**	**107,776**	**10,414,442**	**851,076**	**(15,056,909)**
Reinsurance finance income		**-**	**7,060**	**1,188,080**	**212,400**	1,407,540	**-**	**100,933**	**658,332**	**120,552**	879,817
Effect of changes in non-performance risk of reinsurers		**-**	**-**	**531,217**	**-**	531,217	**-**	**-**	**(176,511)**	**-**	(176,511)
Effect of movements in exchange rates		**(385,862)**	**128,662**	**620,786**	**278,521**	642,107	**(1,283,830)**	**(104,785)**	**639,788**	**1,211**	(747,616)
Total changes in the statements of profit or loss		**(24,382,054)**	**(2,867,168)**	**11,527,223**	**767,089**	**(14,954,910)**	**(27,714,033)**	**103,924**	**11,536,051**	**972,839**	**(15,101,219)**
Cash flows and other movements											
Premiums paid, net of commissions received		21,986,948	-	-	-	21,986,948	28,660,946	-	-	-	28,660,946
Amounts received		-	-	(9,295,938)	-	(9,295,938)	-	-	(17,823,609)	-	(17,823,609)
Total cash flows		**21,986,948**	**-**	**(9,295,938)**	**-**	**12,691,010**	**28,660,946**	**-**	**(17,823,609)**	**-**	**10,837,337**
Other movements		259,118	-	(2,258,816)	-	(1,999,698)	165,639	-	(2,618,296)	-	(2,452,657)
Net reinsurance contract (liabilities)/assets as at 31 December		**(18,288,982)**	**230,448**	**27,006,652**	**6,017,490**	**14,965,608**	**(16,152,994)**	**3,097,616**	**27,034,183**	**5,250,401**	**19,229,206**
Reinsurance contract assets as at 31 December		(18,288,982)	230,448	27,006,652	6,017,490	14,965,608	(16,152,994)	3,097,616	27,034,183	5,250,401	19,229,206
Reinsurance contract liabilities as at 31 December		-	-	-	-	-	-	-	-	-	-
Net reinsurance contract (liabilities)/assets as at 31 December		**(18,288,982)**	**230,448**	**27,006,652**	**6,017,490**	**14,965,608**	**(16,152,994)**	**3,097,616**	**27,034,183**	**5,250,401**	**19,229,206**

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13. Insurance/takaful and reinsurance contracts

13.3 Claims Development Table

The table below illustrates how estimates of cumulative claims for the Group and the Company have developed over time on a gross and net of reinsurance basis. The table shows how the Group and the Company's estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statements of financial position. Balances have been translated at the exchange rates prevailing at the reporting date.

Group Claims Development as at December 31st, 2025 - Gross of Reinsurance

At 31.12.2025					UNDERWRITING YEAR (UY)						
USD	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
At end of UY	28,733,183	44,945,908	53,764,248	62,282,795	25,876,442	34,703,280	29,097,493	52,685,956	49,779,895	46,040,104	
1 year later	43,926,960	68,644,663	82,750,579	88,935,236	64,844,311	95,078,964	74,703,812	110,199,312	97,653,966		
2 years later	44,653,931	71,821,194	81,839,267	84,307,795	68,463,405	102,515,013	90,756,706	117,681,897			
3 years later	45,531,041	71,801,766	83,858,516	81,263,124	68,379,665	98,651,565	94,583,782				
4 years later	43,922,690	69,685,228	82,594,899	77,046,267	66,317,499	100,733,652					
5 years later	43,134,886	67,676,319	80,669,562	77,935,129	67,285,946						
6 years later	42,328,559	66,774,325	81,136,033	77,053,249							
7 years later	42,054,955	65,949,982	82,025,601								
8 years later	41,551,210	65,497,690									
9 years later	41,214,337										
Cumulative incurred claims 2016 to 2025	41,214,337	65,497,690	82,025,601	77,053,249	67,285,946	100,733,652	94,583,782	117,681,897	97,653,966	46,040,104	789,770,224
Cumulative incurred claims 1996 to 2015											1,155,014,889
Total cumulative incurred claims											1,944,785,113
Cumulative paid claims 2016 to 2025	39,169,727	60,943,766	73,756,530	71,549,034	55,501,494	80,748,065	66,104,768	62,948,870	24,358,187	(2,212,890)	532,867,551
Cumulative paid claims 1996 to 2015											1,144,667,953
Total cumulative paid claims											1,677,535,504
Cumulative outstanding claims 2016 to 2025	2,044,610	4,553,924	8,269,071	5,504,215	11,784,452	19,985,587	28,479,014	54,733,027	73,295,779	48,252,994	256,902,673
Cumulative outstanding claims 1996 to 2015											10,346,936
Total cumulative outstanding claims											267,249,609
Gross Claim Liabilities for Lloyd's and collateralised Quota Share's business											40,957,311
Effect of discounting											(10,523,105)
Liability for incurred claims payable											90,843,466
Total Gross Liabilities for Incurred Claims (Note 13)											388,527,281

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13. Insurance/takaful and reinsurance contracts

13.3 Claims Development Table

The table below illustrates how estimates of cumulative claims for the Group and the Company have developed over time on a gross and net of reinsurance basis. The table shows how the Group and the Company's estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statements of financial position. Balances have been translated at the exchange rates prevailing at the reporting date.

Group Claims Development as at December 31st, 2024 - Gross of Reinsurance (Restated)

At 31.12.2024					UNDERWRITING YEAR (UY)						
USD	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At end of UY	26,160,397	28,733,183	44,945,908	53,764,248	62,282,795	25,876,442	34,703,280	29,097,493	52,685,956	49,779,895	
1 year later	44,910,663	43,926,960	68,644,663	82,750,579	88,935,236	64,844,311	95,078,964	74,703,812	110,199,312		
2 years later	45,115,729	44,653,931	71,821,194	81,839,267	84,307,795	68,463,405	102,515,013	90,756,706			
3 years later	46,618,283	45,531,041	71,801,766	83,858,516	81,263,124	68,379,665	98,651,565				
4 years later	48,106,476	43,922,690	69,685,228	82,594,899	77,046,267	66,317,499					
5 years later	47,103,496	43,134,886	67,676,319	80,669,562	77,935,129						
6 years later	44,178,367	42,328,559	66,774,325	81,136,033							
7 years later	43,042,514	42,054,955	65,949,982								
8 years later	42,713,940	41,551,210									
9 years later	42,223,892										
Cumulative incurred claims 2015 to 2024	42,223,892	41,551,210	65,949,982	81,136,033	77,935,129	66,317,499	98,651,565	90,756,706	110,199,312	49,779,895	724,501,223
Cumulative incurred claims 1996 to 2014											1,111,737,795
Total cumulative incurred claims											1,836,239,018
Cumulative paid claims 2015 to 2024	40,954,728	38,693,982	57,954,236	72,687,880	69,497,938	50,877,037	71,710,870	49,570,699	36,524,987	(4,642,426)	483,829,931
Cumulative paid claims 1996 to 2014											1,099,814,544
Total cumulative paid claims											1,583,644,475
Cumulative outstanding claims 2015 to 2024	1,269,164	2,857,228	7,995,746	8,448,153	8,437,191	15,440,462	26,940,695	41,186,007	73,674,325	54,422,321	240,671,292
Cumulative outstanding claims 1996 to 2014											11,923,251
Total cumulative outstanding claims											252,594,543
Gross Claim Liabilities for Lloyd's and collateralised Quota Share's business											39,785,045
Effect of discounting											(12,463,685)
Liability for incurred claims payable											81,536,357
Total Gross Liabilities for Incurred Claims (Note 13)											361,452,260

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13. Insurance/takaful and reinsurance contracts

13.3 Claims Development Table (cont'd.)

Group Claims Development as at December 31st, 2025 - Net of Reinsurance

At 31.12.2025	UNDERWRITING YEAR (UY)										
USD	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
At end of UY	27,053,096	36,955,466	38,334,465	33,473,164	25,564,843	29,401,665	28,277,221	47,063,237	47,277,603	44,510,968	
1 year later	42,196,068	58,166,618	66,942,544	53,373,373	62,678,720	70,236,258	72,008,805	100,930,958	92,516,821		
2 years later	45,332,875	63,706,616	68,493,931	49,888,234	66,699,604	86,774,693	85,576,165	108,932,780			
3 years later	45,033,566	63,211,843	70,182,710	50,138,948	67,011,272	83,320,468	90,907,577				
4 years later	43,842,970	60,848,063	69,704,862	48,960,299	64,882,320	85,206,499					
5 years later	43,004,133	58,993,402	67,740,625	49,365,415	65,592,990						
6 years later	42,284,072	58,185,830	67,879,546	48,579,086							
7 years later	42,044,759	57,365,711	69,110,741								
8 years later	41,541,014	57,018,296									
9 years later	41,204,140										
Cumulative incurred claims 2016 to 2025	41,204,140	57,018,296	69,110,741	48,579,086	65,592,990	85,206,499	90,907,577	108,932,780	92,516,821	44,510,968	703,579,898
Cumulative incurred claims 1996 to 2015											1,058,852,686
Total cumulative incurred claims											1,762,432,584
Cumulative paid claims 2016 to 2025	39,159,531	52,923,924	61,478,461	48,213,287	54,272,398	66,696,093	63,284,041	57,386,721	24,358,187	(2,212,890)	465,559,753
Cumulative paid claims 1996 to 2015											1,049,077,003
Total cumulative paid claims											1,514,636,756
Cumulative outstanding claims 2016 to 2025	2,044,609	4,094,372	7,632,280	365,799	11,320,592	18,510,406	27,623,536	51,546,059	68,158,634	46,723,858	238,020,145
Cumulative outstanding claims 1996 to 2015											9,775,683
Total cumulative outstanding claims											247,795,828
Net Claim Liabilities for Lloyd's and collateralised Quota Share's business											23,519,973
Effect of discounting											(8,496,763)
Liability for incurred claims payable											65,403,715
Total Net Liabilities for Incurred Claims (Note 13)											328,222,753

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13. Insurance/takaful and reinsurance contracts

13.3 Claims Development Table (cont'd.)

Group Claims Development as at December 31st, 2024 - Net of Reinsurance (Restated)

At 31.12.2024	UNDERWRITING YEAR (UY)										
USD	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At end of UY	23,427,971	27,053,096	36,955,466	38,334,465	33,473,164	25,564,843	29,401,665	28,277,221	47,063,237	47,277,603	
1 year later	42,958,429	42,196,068	58,166,618	66,942,544	53,373,373	62,678,720	70,236,258	72,008,805	100,930,958		
2 years later	45,050,743	45,332,875	63,706,616	68,493,931	49,888,234	66,699,604	86,774,693	85,576,165			
3 years later	47,366,793	45,033,566	63,211,843	70,182,710	50,138,948	67,011,272	83,320,468				
4 years later	46,885,603	43,842,970	60,848,063	69,704,862	48,960,299	64,882,320					
5 years later	45,897,250	43,004,133	58,993,402	67,740,625	49,365,415						
6 years later	43,982,353	42,284,072	58,185,830	67,879,546							
7 years later	42,911,456	42,044,759	57,365,711								
8 years later	42,616,335	41,541,014									
9 years later	42,126,287										
Cumulative incurred claims 2015 to 2024	42,126,287	41,541,014	57,365,711	67,879,546	49,365,415	64,882,320	83,320,468	85,576,165	100,930,958	47,277,603	640,265,487
Cumulative incurred claims 1996 to 2014											1,016,008,170
Total cumulative incurred claims											1,656,273,657
Cumulative paid claims 2015 to 2024	40,857,123	38,683,785	49,937,980	60,436,381	46,234,108	49,787,341	59,706,968	46,900,282	31,446,313	(4,642,426)	419,347,855
Cumulative paid claims 1996 to 2014											1,004,326,201
Total cumulative paid claims											1,423,674,056
Cumulative outstanding claims 2015 to 2024	1,269,164	2,857,229	7,427,731	7,443,165	3,131,307	15,094,979	23,613,500	38,675,883	69,484,645	51,920,029	220,917,632
Cumulative outstanding claims 1996 to 2014											11,681,969
Total cumulative outstanding claims											232,599,601
Net Claim Liabilities for Lloyd's and collateralised Quota Share's business											24,755,210
Effect of discounting											(10,004,969)
Liability for incurred claims payable											55,268,291
Total Net Liabilities for Incurred Claims (Note 13)											302,618,133

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13. Insurance/takaful and reinsurance contracts

13.3 Claims Development Table (cont'd.)

Company Claims Development as at December 31st, 2025 - Gross of Reinsurance

At 31.12.2025					UNDERWRITING YEAR (UY)						
USD	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
At end of UY	28,733,183	44,945,908	53,764,248	62,282,795	25,876,442	34,703,280	29,097,493	52,685,956	49,779,895	46,040,104	
1 year later	43,926,960	68,644,663	82,750,579	88,935,236	64,844,311	95,078,964	74,703,812	110,199,312	97,653,966		
2 years later	44,653,931	71,821,194	81,839,267	84,307,795	68,463,405	102,515,013	90,756,706	117,681,897			
3 years later	45,531,041	71,801,766	83,858,516	81,263,124	68,379,665	98,651,565	94,583,782				
4 years later	43,922,690	69,685,228	82,594,899	77,046,267	66,317,499	100,733,652					
5 years later	43,134,886	67,676,319	80,669,562	77,935,129	67,285,946						
6 years later	42,328,559	66,774,325	81,136,033	77,053,249							
7 years later	42,054,955	65,949,982	82,025,601								
8 years later	41,551,210	65,497,690									
9 years later	41,214,337										
Cumulative incurred claims 2016 to 2025	41,214,337	65,497,690	82,025,601	77,053,249	67,285,946	100,733,652	94,583,782	117,681,897	97,653,966	46,040,104	789,770,224
Cumulative incurred claims 1996 to 2015											1,155,014,889
Total cumulative incurred claims											1,944,785,113
Cumulative paid claims 2016 to 2025	39,169,727	60,943,766	73,756,530	71,549,034	55,501,494	80,748,065	66,104,768	62,948,870	24,358,187	(2,212,890)	532,867,551
Cumulative paid claims 1996 to 2015											1,144,667,953
Total cumulative paid claims											1,677,535,504
Cumulative outstanding claims 2016 to 2025	2,044,610	4,553,924	8,269,071	5,504,215	11,784,452	19,985,587	28,479,014	54,733,027	73,295,779	48,252,994	256,902,673
Cumulative outstanding claims 1996 to 2015											10,346,936
Total cumulative outstanding claims											267,249,609
Gross Claim Liabilities for Lloyd's and collateralised Quota Share's business											29,235,858
Effect of discounting											(10,283,522)
Liability for incurred claims payable											21,925,764
Total Gross Liabilities for Incurred Claims (Note 13)											308,127,709

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13. Insurance/takaful and reinsurance contracts

13.3 Claims Development Table (cont'd.)

Company Claims Development as at December 31st, 2024 - Gross of Reinsurance (Restated)

At 31.12.2024					UNDERWRITING YEAR (UY)						
USD	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At end of UY	26,160,397	28,733,183	44,945,908	53,764,248	62,282,795	25,876,442	34,703,280	29,097,493	52,685,956	49,779,895	
1 year later	44,910,663	43,926,960	68,644,663	82,750,579	88,935,236	64,844,311	95,078,964	74,703,812	110,199,312		
2 years later	45,115,729	44,653,931	71,821,194	81,839,267	84,307,795	68,463,405	102,515,013	90,756,706			
3 years later	46,618,283	45,531,041	71,801,766	83,858,516	81,263,124	68,379,665	98,651,565				
4 years later	48,106,476	43,922,690	69,685,228	82,594,899	77,046,267	66,317,499					
5 years later	47,103,496	43,134,886	67,676,319	80,669,562	77,935,129						
6 years later	44,178,367	42,328,559	66,774,325	81,136,033							
7 years later	43,042,514	42,054,955	65,949,982								
8 years later	42,713,940	41,551,210									
9 years later	42,223,892										
Cumulative incurred claims 2015 to 2024	42,223,892	41,551,210	65,949,982	81,136,033	77,935,129	66,317,499	98,651,565	90,756,706	110,199,312	49,779,895	724,501,223
Cumulative incurred claims 1996 to 2014											1,111,737,795
Total cumulative incurred claims											1,836,239,018
Cumulative paid claims 2015 to 2024	40,954,728	38,693,982	57,954,236	72,687,880	69,497,938	50,877,037	71,710,870	49,570,699	36,524,987	(4,642,426)	483,829,931
Cumulative paid claims 1996 to 2014											1,099,814,544
Total cumulative paid claims											1,583,644,475
Cumulative outstanding claims 2015 to 2024	1,269,164	2,857,228	7,995,746	8,448,153	8,437,191	15,440,462	26,940,695	41,186,007	73,674,325	54,422,321	240,671,292
Cumulative outstanding claims 1996 to 2014											11,923,251
Total cumulative outstanding claims											252,594,543
Gross Claim Liabilities for Lloyd's and collateralised Quota Share's business											28,530,720
Effect of discounting											(12,214,823)
Liability for incurred claims payable											23,095,240
Total Gross Liabilities for Incurred Claims (Note 13)											292,005,680

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13 Insurance/takaful and reinsurance contracts

13.3 Claims Development Table (cont'd.)

Company Claims Development as at December 31st, 2025 - Net of Reinsurance

At 31.12.2025					UNDERWRITING YEAR (UY)						
USD	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
At end of UY	27,053,096	36,955,466	38,334,465	33,473,164	25,564,843	29,401,665	28,277,221	47,063,237	47,277,603	44,510,968	
1 year later	42,196,068	58,166,618	66,942,544	53,373,373	62,678,720	70,236,258	72,008,805	100,930,958	92,516,821		
2 years later	45,332,875	63,706,616	68,493,931	49,888,234	66,699,604	86,774,693	85,576,165	108,932,780			
3 years later	45,033,566	63,211,843	70,182,710	50,138,948	67,011,272	83,320,468	90,907,577				
4 years later	43,842,970	60,848,063	69,704,862	48,960,299	64,882,320	85,206,499					
5 years later	43,004,133	58,993,402	67,740,625	49,365,415	65,592,990						
6 years later	42,284,072	58,185,830	67,879,546	48,579,086							
7 years later	42,044,759	57,365,711	69,110,741								
8 years later	41,541,014	57,018,296									
9 years later	41,204,140										
Cumulative incurred claims 2016 to 2025	41,204,140	57,018,296	69,110,741	48,579,086	65,592,990	85,206,499	90,907,577	108,932,780	92,516,821	44,510,968	703,579,898
Cumulative incurred claims 1996 to 2015											1,058,852,686
Total cumulative incurred claims											1,762,432,584
Cumulative paid claims 2016 to 2025	39,159,531	52,923,924	61,478,461	48,213,287	54,272,398	66,696,093	63,284,041	57,386,721	24,358,187	(2,212,890)	465,559,753
Cumulative paid claims 1996 to 2015											1,049,077,003
Total cumulative paid claims											1,514,636,756
Cumulative outstanding claims 2016 to 2025	2,044,609	4,094,372	7,632,280	365,799	11,320,592	18,510,406	27,623,536	51,546,059	68,158,634	46,723,858	238,020,145
Cumulative outstanding claims 1996 to 2015											9,775,683
Total cumulative outstanding claims											247,795,828
Net Claim Liabilities for Lloyd's and collateralised Quota Share's business											16,942,397
Effect of discounting											(8,364,839)
Liability for incurred claims payable											18,730,181
Total Net Liabilities for Incurred Claims (Note 13)											275,103,567

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13 Insurance/takaful and reinsurance contracts

13.3 Claims Development Table (cont'd.)

Company Claims Development as at December 31st, 2024 - Net of Reinsurance (Restated)

At 31.12.2024					UNDERWRITING YEAR (UY)						
USD	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At end of UY	23,427,971	27,053,096	36,955,466	38,334,465	33,473,164	25,564,843	29,401,665	28,277,221	47,063,237	47,277,603	
1 year later	42,958,429	42,196,068	58,166,618	66,942,544	53,373,373	62,678,720	70,236,258	72,008,805	100,930,958		
2 years later	45,050,743	45,332,875	63,706,616	68,493,931	49,888,234	66,699,604	86,774,693	85,576,165			
3 years later	47,366,793	45,033,566	63,211,843	70,182,710	50,138,948	67,011,272	83,320,468				
4 years later	46,885,603	43,842,970	60,848,063	69,704,862	48,960,299	64,882,320					
5 years later	45,897,250	43,004,133	58,993,402	67,740,625	49,365,415						
6 years later	43,982,353	42,284,072	58,185,830	67,879,546							
7 years later	42,911,456	42,044,759	57,365,711								
8 years later	42,616,335	41,541,014									
9 years later	42,126,287										
Cumulative incurred claims 2015 to 2024	42,126,287	41,541,014	57,365,711	67,879,546	49,365,415	64,882,320	83,320,468	85,576,165	100,930,958	47,277,603	640,265,487
Cumulative incurred claims 1996 to 2014											1,016,008,170
Total cumulative incurred claims											1,656,273,657
Cumulative paid claims 2015 to 2024	40,857,123	38,683,785	49,937,980	60,436,381	46,234,108	49,787,341	59,706,968	46,900,282	31,446,313	(4,642,426)	419,347,855
Cumulative paid claims 1996 to 2014											1,004,326,201
Total cumulative paid claims											1,423,674,056
Cumulative outstanding claims 2015 to 2024	1,269,164	2,857,229	7,427,731	7,443,165	3,131,307	15,094,979	23,613,500	38,675,883	69,484,645	51,920,029	220,917,632
Cumulative outstanding claims 1996 to 2014											11,681,969
Total cumulative outstanding claims											232,599,601
Net Claim Liabilities for Lloyd's and collateralised Quota Share's business											17,924,643
Effect of discounting											(9,874,491)
Liability for incurred claims payable											19,071,343
Total Net Liabilities for Incurred Claims (Note 13)											259,721,096

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14. Net assets arising from participation in Lloyd's syndicates

	Group		
	31.12.2025 USD	31.12.2024 USD Restated	01.01.2024 USD Restated
Investments	40,892,659	35,590,858	34,980,351
Trade debtors	21,931,667	19,321,907	19,444,232
Other receivables	2,329,119	4,042,382	7,385,169
Cash and bank balances	2,167,463	(383,653)	2,463,183
Other creditors and accruals	(6,379,161)	(3,508,724)	(2,654,161)
Trade creditors	(9,665,202)	(8,786,630)	(10,098,533)
	51,276,545	46,276,140	51,520,241

These amounts represent the Group's shares, through its subsidiary, of the assets and liabilities held by the syndicates. The Group has no control over the disposition of the assets and liabilities of the syndicates.

15. Other receivables

	Group			Company		
	31.12.2025 USD	31.12.2024 USD Restated	01.01.2024 USD Restated	31.12.2025 USD	31.12.2024 USD Restated	01.01.2024 USD Restated
Income due and accrued	2,788,673	2,793,402	1,916,471	2,788,673	2,793,402	1,916,471
Deposits	130,178	130,634	157,488	130,178	130,634	157,488
Prepayments	430,510	2,165,301	242,558	518,484	444,809	280,303
Staff loans	733	1,016	155	733	1,016	155
Other debtors	500,000	1,143,503	503,139	500,000	1,143,503	503,139
Funds at Lloyd's	24,683,392	23,335,189	22,019,090	24,683,392	23,335,189	22,019,090
Due from LRUL	-	-	-	14,679,364	13,134,015	11,406,944
	28,533,486	29,569,045	24,838,901	43,300,824	40,982,568	36,283,590

Funds at Lloyd's represent assets deposited with the Corporation of Lloyd's (Lloyd's), on behalf of LRUL, to support the Company's underwriting activities. The Company retains the rights to the economic benefit of these assets. The Company has entered into a Lloyd's Deposit Trust Deed which gives Lloyd's the right to apply these monies in settlement of any claims arising from the participation in the syndicates. These monies can only be released from the provision of this Deed with Lloyd's express permission, and only in circumstances where the amounts are either replaced by an equivalent asset, or after the expiration of the Company's liabilities in respect of its underwriting year.

The carrying amounts disclosed above approximate fair value at the reporting date.

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16. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitment.

The Group, through its subsidiary, participated in several syndicates at Lloyd’s. However, the Group has no control over the disposition of assets and liabilities at Lloyd’s. Consequently, the Group statement of cash flows are prepared to reflect only the movement in corporate funds of the subsidiary, which include any fund transfers to or from the syndicates at Lloyd’s.

	31 December 2025 USD	31 December 2024 USD	1 January 2024 USD
Group			
Cash and bank balances	12,983,652	10,506,378	5,407,732
Deposits with financial institutions (with original maturity period of three months or less)	73,792,060	53,909,982	35,378,767
	86,775,712	64,416,360	40,786,499
Company			
Cash and bank balances	11,106,573	10,496,236	5,368,516
Deposits with financial institutions (with original maturity period of three months or less)	73,792,060	53,909,982	35,378,767
	84,898,633	64,406,218	40,747,283

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17. Share capital

	Number of shares	USD
Issued and paid-up with no par value, as at 2025 and 2024:		
Ordinary shares		
At beginning and end of year	150,000,000	150,000,000

The amendments to the Labuan Companies Act, 1990 ("the Act") that came into effect on February 11th, 2011 do not require entities incorporated under the Act to have an authorised share capital. In addition, the share capital of such entities under the Act will no longer have a par or nominal value.

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

Dividends on Ordinary Share Capital

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the reporting date are dealt with as a subsequent event.

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18. Lease liabilities

The movement of lease liabilities is disclosed as follows:

	Office premise USD	Office equipment USD	Total USD
Group and Company			
At January 1st, 2024	44,205	16,731	60,936
Additions	83,297	28,440	111,737
Interest expense on lease liabilities	1,763	1,043	2,806
Payment of lease liabilities	(96,096)	(5,245)	(101,341)
At December 31st, 2024	33,169	40,969	74,138
Additions	207,967	-	207,967
Interest expense on lease liabilities	10,108	1,008	11,116
Payment of lease liabilities	(78,567)	(10,811)	(89,378)
At December 31st, 2025	172,677	31,166	203,843
Lease liabilities by remaining maturity:			
Less than 12 months	35,382	3,746	39,128
More than 12 months	8,823	12,985	21,808
Total, at January 1st, 2024	44,205	16,731	60,936
Less than 12 months	33,169	8,929	42,098
More than 12 months	-	32,040	32,040
Total, at December 31st, 2024	33,169	40,969	74,138
Less than 12 months	71,225	10,385	81,610
More than 12 months	101,452	20,781	122,233
Total, at December 31st, 2025	172,677	31,166	203,843

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19. Other payables

	31 December 2025 USD	31 December 2024 USD Restated	1 January 2024 USD Restated
Group			
Accrued expenses	1,605,305	1,557,250	1,895,825
Tax or zakat payables	1,027,388	755,633	980,321
EPF payable	90,159	75,506	66,907
Other creditors	1,980,952	2,089,724	1,101,160
	4,703,804	4,478,113	4,044,213
Company			
Accrued expenses	1,605,305	1,557,250	1,895,825
Tax or zakat payables	1,027,388	755,633	980,321
EPF payable	90,159	75,506	66,907
Other creditors	1,967,487	2,089,731	1,101,165
	4,690,339	4,478,120	4,044,218

The carrying amounts disclosed above approximate fair value at the reporting date. All amounts are payable within one year.

20. Borrowings

	Group and Company		
	31 December 2025 USD	31 December 2024 USD	1 January 2024 USD
Carrying Amount:			
Unsecured subordinated bonds	55,000,000	55,000,000	55,000,000
Fair Value:			
Unsecured subordinated bonds	59,054,718	61,374,465	63,518,940

On 6 July 2012, the Company issued USD55.0 million nominal value of US Dollar-denominated subordinated bonds through a private placement. The bonds were fully subscribed by RHB Bank (L) Ltd. The subordinated bonds were unsecured, unrated, and unlisted, with a tenure of up to 50 years from the date of issuance and callable at five-year intervals.

The original USD55.0 million subordinated bonds were fully redeemed on 19 September 2022 and subsequently refinanced. Following the refinancing, the Company renewed the subordinated bonds for another five-year period at a coupon rate of RHB Bank's Cost of Funds plus 1.25% until September 2025. Effective September 2025, the coupon rate was revised to RHB Bank's Cost of Funds plus 1.75%, applicable until the next call date on 19 September 2027.

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20. Borrowings (cont'd.)

The subordinated bonds have a final maturity date of 19 September 2072. The issuance was undertaken to strengthen and improve the Company's capitalisation.

The analysis of the repayment period of the borrowings, when measured against the first call date, is as follows:

	2025 USD	2024 USD
Amount due within 1 to 2 years	55,000,000	55,000,000

Interest on the subordinated bonds is wholly payable to a related party as disclosed in Note 25(n).

21. Tax and zakat

21.1 Material accounting policy information

(i) Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in statements of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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21. Tax and zakat (cont'd.)

21.1 Material accounting policy information (cont'd.)

(i) Tax (cont'd.)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Global Minimum Top-up tax

Effective for financial year beginning on 1 January 2025, Malaysia has enacted legislation to adopt OECD’s International Pillar Two tax reform, which seeks to establish a global minimum tax (“GMT”) of fifteen per cent and address inter-jurisdictional base erosion and profit shifting.

The Group and the Company have assessed the potential impact of the Global Minimum Tax ("GMT") under the OECD Pillar Two Model Rules and concluded that they are not currently within the scope of the regime, as the Group does not meet the minimum consolidated annual revenue threshold of EUR750 million. Accordingly, the Group and the Company do not expect any exposure to Pillar Two top-up taxes and no disclosure of potential tax expense or recovery relating to GMT income taxes has been provided. The Group and the Company have applied the mandatory temporary exception from accounting for deferred taxes arising from the implementation of the GMT rules.

	Group		Company	
	2025	**2024**	**2025**	**2024**
	USD	**USD**	**USD**	**USD**
Income tax:				
Labuan	(1,100,463)	(775,656)	(1,100,463)	(775,656)
Overseas	(74,241)	(48,025)	-	-
	(1,174,704)	(823,681)	(1,100,463)	(775,656)

Under Labuan Business Activity Tax (Amendment) Act, 2020 (“LBATA”), the Company's profit would be subject to a tax rate at 3% on profit before tax from its Labuan business activity for the basis period for the year of assessment.

Pursuant to Section 2B (1A) of the Labuan Business Activity Tax (Amendment) Act 2020, a Labuan entity would not be eligible to enjoy the preferential tax rate at 3% on profit before tax in the event of non-compliance with the minimum substantial activity requirements. Instead, the Company will be taxed at 24% on profit before tax under LBATA.

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21. Tax and zakat (cont'd.)

21.1 Material accounting policy information (cont'd.)

(i) Tax (cont'd.)

The Company fulfills the substantial activity requirements during the current financial year. No tax is payable by the Company when the Company is in a loss position.

The Overseas income tax represents tax charged on the participation in the syndicates at Lloyd's.

Zakat represents an obligatory amount payable to comply with the principles of Shariah and as approved by the Shariah Supervisory Council. The Group adopts the net income method of calculating zakat payable.

Reconciliations between tax expense and accounting profit

The reconciliations of income tax expense applicable to profit before taxation at the Labuan income tax rate to income tax expense at the effective income tax rate of the Group and the Company, are as follows:

	2025 USD	2024 USD Restated
Group		
Profit before tax and zakat	36,096,717	19,827,187
Taxation at Labuan tax rate of 3%	(1,082,902)	(594,816)
Profit from different measurement basis	-	(195,815)
Effect of foreign jurisdiction taxation	(91,802)	(33,050)
Taxation expense for the year	(1,174,704)	(823,681)
Company		
Profit before tax and zakat	36,682,088	19,328,041
Taxation at Labuan tax rate of 3%	(1,100,463)	(579,841)
Profit from different measurement basis	-	(195,815)
Taxation expense for the year	(1,100,463)	(775,656)

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22. Earnings per share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the number of Ordinary Shares in issue during the financial year.

	Group		Company	
	2025	**2024 Restated**	**2025**	**2024 Restated**
Profit attributable to ordinary equity holders (USD)	34,922,013	19,003,506	35,581,625	18,552,385
Number of shares in issue	150,000,000	150,000,000	150,000,000	150,000,000
Basic and diluted earnings per share (US Cents)	23.3	12.7		

There has been no other transaction involving ordinary shares between the reporting date and the date of completion of these financial statements.

23. Capital commitments

	Group and Company	
	2025 USD	**2024 USD**
Capital expenditure		
Approved but not contracted for:		
Property and equipment	184,578	243,077
Computer software	402,410	175,824
	586,988	418,901

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24. Other commitments and contingencies

	Group and Company 2025 USD	2024 USD
Letter of credit established by a bank on behalf of the Company in the normal course of reinsurance business	295,800	295,800

The Letter of Credit serves as a form of collateral with the business partner of Hannover Rueck SE ("Hannover"). Out of the USD295,800, the Company had placed USD147,900 as fixed deposits, as seen in Note 12.

25. Related party disclosures

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if they have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and/or operational decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence, or is a member of the key management personnel of the Group and the Company. Related parties may be individuals or other entities.

Key Management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly.

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25. Related party disclosures (cont'd.)

The main related parties and their relationship with the Company are as follows:

Related parties	Relationship
(i) Labuan Re Underwriting Limited	Subsidiary of the Company
(ii) Malaysian Reinsurance Berhad (MRB)	Substantial shareholder of the Company
(iii) RHB Bank Berhad	Shareholder of the Company
(iv) HICOM Holdings Berhad	Shareholder of the Company
(v) Petroliam Nasional Berhad	Shareholder of the Company
(vi) Tenaga Nasional Berhad	Shareholder of the Company
(vii) CIMB Bank Berhad	Shareholder of the Company
(viii) MISC Berhad	Shareholder of the Company
(ix) Telekom Malaysia Berhad	Shareholder of the Company
(x) Lembaga Tabung Angkatan Tentera	Shareholder of the Company
(xi) Malayan Banking Berhad	Shareholder of the Company
(xii) Public Bank Berhad	Shareholder of the Company
(xiii) Takaful Ikhlas General Berhad	Other related party (MRB)
(xiv) Energas Insurance (L) Ltd	Other related party (Petroliam Nasional Berhad)
(xv) Etiqa General Insurance Berhad	Other related party (Malayan Banking Berhad)
(xvi) Etiqa General Takaful Berhad	Other related party (Malayan Banking Berhad)
(xvii) TNB Global Captive (L) Ltd	Other related party (Tenaga Nasional Berhad)
(xviii) TNB Global Ventures Capital Bhd	Other related party (Tenaga Nasional Berhad)
(xix) Lonpac Insurance Bhd	Other related party (Public Bank Berhad)
(xx) RHB Insurance Berhad	Other related party (RHB Bank Berhad)
(xxi) RHB Bank (L) Ltd.	Other related party (RHB Bank Berhad)
(xxii) Generali Insurance Malaysia Berhad	Other related party (Lembaga Tabung Angkatan Tentera)

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25. Related party disclosures (cont'd.)

(a) Labuan Re Underwriting Limited ("LRUL") is a wholly-owned subsidiary of the Company, which is a corporate member at Lloyd's to underwrite the business of the Lloyd's syndicates. Out of the total business underwritten by the subsidiary, 70% is ceded, via a quota share treaty, to the Company.

LRUL's capital, in the form of cash deposits, for the syndicates' participation are wholly provided by the Company. A fee is payable to the Company for the amount of capital needed to support 30% of the business retained by the subsidiary. Transactions during the year and inter-company balances as at December 31st, were as follows:

	Company	
	2025	**2024**
	USD	**USD**
Income/(expenses):		
Premium ceded by subsidiary to the Company	25,931,394	23,031,273
Claims paid ceded by subsidiary to the Company	(6,127,054)	(4,934,742)
Commission ceded by subsidiary to the Company	(4,423,674)	(2,744,103)
Fee payable by the subsidiary to the Company for the cash deposits to support 30% of retained business	1,036,177	748,809
Balances:		
Fees and other balances receivable by the Company from the subsidiary	14,679,364	13,134,015
Reinsurance balances receivable from the subsidiary by the Company	5,312,125	4,978,780

(b) Transactions and balances with Malaysian Reinsurance Berhad, the holder of a 20% equity interest in the Company, during the year were as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Income/(expenses):		
Gross premium written in respect of inward reinsurance	1,538	1,986
Gross claims paid in respect of inward reinsurance	(158,142)	(47,298)
Gross commission paid in respect of inward reinsurance	(379)	(2,080)
Balances:		
Reinsurance balances payable by the Company	(173,843)	(12,791)

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25. Related party disclosures (cont'd.)

(c) Transactions and balances with Takaful Ikhlas General Berhad, during the year were as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Income/(expenses):		
Gross contribution written in respect of inward retakaful	3,440,718	3,004,158
Gross claims paid in respect of inward retakaful	(529,113)	(439,014)
Gross commission paid in respect of inward retakaful	(573,843)	(580,947)
Balances:		
Retakaful balances receivable by the Company	812,201	706,563

(d) Transactions and balances with Energas Insurance (L) Ltd, during the year were as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Income/(expenses):		
Gross premium written in respect of inward reinsurance	212,720	174,592
Gross claims paid in respect of inward reinsurance	(5,409,324)	(1,389,275)
Gross commission paid in respect of inward reinsurance	(30,546)	(21,932)
Balances:		
Reinsurance balances payable by the Company	(38)	(38)

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25. Related party disclosures (cont'd.)

(e) Transactions and balances with Etiqa General Insurance Berhad, during the year were as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Income/(expenses):		
Gross premium written in respect of inward reinsurance	3,191,362	3,013,179
Gross claims paid in respect of inward reinsurance	(2,749,547)	(663,294)
Gross commission paid in respect of inward reinsurance	(629,595)	(651,959)
Balances:		
Reinsurance balances receivable by the Company	174,857	159,226

(f) Transactions and balances with Etiqa General Takaful Berhad, during the year were as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Income/(expenses):		
Gross contribution written in respect of inward retakaful	4,736,437	3,479,412
Gross claims paid in respect of inward retakaful	(878,488)	(634,404)
Gross commission paid in respect of inward retakaful	(690,862)	(517,548)
Balances:		
Retakaful balances receivable by the Company	146,350	114,689

(g) Transactions and balances with TNB Global Captive (L) Ltd, during the year were as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Income/(expenses):		
Gross premium written in respect of inward reinsurance	856,123	2,410,296
Gross claims paid in respect of inward reinsurance	(1,198,794)	(539,006)
Gross commission paid in respect of inward reinsurance	(220,068)	(543,303)
Balances:		
Reinsurance balances receivable by the Company	487,544	251,012

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25. Related party disclosures (cont'd.)

(h) Transactions and balances with Lonpac Insurance Bhd, during the year were as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Income/(expenses):		
Gross premium written in respect of inward reinsurance	2,159,166	1,667,797
Gross claims paid in respect of inward reinsurance	(956,904)	(1,341,418)
Gross commission paid in respect of inward reinsurance	(345,260)	(240,628)
Balances:		
Reinsurance balances receivable/(payable) by the Company	(73,349)	2,102

(i) Transactions and balances with RHB Insurance Berhad, during the year were as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Income/(expenses):		
Gross premium written in respect of inward reinsurance	739,921	257,829
Gross claims paid in respect of inward reinsurance	(170,866)	(165,050)
Gross commission paid in respect of inward reinsurance	(110,968)	(53,910)
Balances:		
Reinsurance balances receivable by the Company	84,215	4,315

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25. Related party disclosures (cont'd.)

(j) Transactions and balances with Generali Insurance Malaysia Berhad (formerly known as Axa Affin General Insurance Berhad), during the year were as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Income/(expenses):		
Gross premium written in respect of inward reinsurance	343,400	287,041
Gross claims paid in respect of inward reinsurance	(2,568,461)	(327,923)
Gross commission paid in respect of inward reinsurance	(82,583)	(77,137)
Balances:		
Reinsurance balances (payable)/receivable by the Company	29,905	(31,433)

(k) Transactions and balances with Malayan Banking Berhad, during the year were as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Fixed deposit	17,072,518	19,734,164
Interest income received/receivable on the fixed deposits	698,664	815,835
Equity securities	703,858	530,662
Dividend income received/receivable on the equity securities	39,142	17,392
Debt securities	3,713,589	1,119,663
Interest income received/receivable on the debt securities	81,110	40,616

(l) Transactions and balances with CIMB Bank Berhad, during the year were as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Fixed deposit	14,153,345	12,243,420
Interest income received/receivable on the fixed deposits	517,451	422,648
Equity securities	584,476	428,487
Dividend income received/receivable on the equity securities	29,007	14,660
Debt securities	8,694,435	5,615,845
Interest income received/receivable on the debt securities	297,631	188,594

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25. Related party disclosures (cont'd.)

(m) Transactions and balances with Public Bank Berhad, during the year were as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Fixed deposit	16,184,583	14,839,653
Interest income received/receivable on the fixed deposits	646,055	745,860
Equity securities	587,702	488,794
Dividend income received/receivable on the equity securities	26,233	15,568
Debt securities	1,233,095	-
Interest income received/receivable on the debt securities	21,277	78,452

(n) RHB Bank Berhad is the holder of 5% of the issued share capital of the Company. On April 25th, 2012, the Company appointed RHB Investment Bank Berhad as the lead arranger for the issuance of the USD55.0 million subordinated bonds. This mandate was awarded after all the banking units of the Company’s shareholders were invited to submit their proposals.

On June 29th, 2012, the Company entered into a subscription agreement with RHB Bank (L) Ltd for USD55.0 million subordinated bonds. Upon issuance of the subordinated bonds on July 6th, 2012, the entire amount was fully taken up by RHB Bank (L) Ltd. The USD 55.0 million bonds was fully redeemed on July 6th 2017 and was refinanced with RHB Bank (L) Ltd.

The principal terms of the subordinated bonds are disclosed in Note 20.

Under the terms of the subscription agreement, the Company is required to place US Dollar denominated fixed deposits with the subscriber of at least 10% of the total outstanding subordinated bonds held by the subscriber. The fixed deposits earn interests at commercial rates.

The Company had renewed the subordinated bonds for another 5 years with a rate of RHB Bank’s Cost of Fund + 1.25% until September 2025. Effective September 2025, the coupon rate was revised to RHB Bank's Cost of Fund + 1.75%, applicable until the next call date on September 19th, 2027.

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25. Related party disclosures (cont'd.)

Transactions and balances with RHB Bank Berhad and RHB Bank (L) Ltd. during the year were as follows:

	Group and Company	
	2025 USD	2024 USD
Interest paid/payable on the subordinated bonds	(3,557,646)	(4,214,056)
Fixed deposit	8,604,346	12,627,174
Interest income received/receivable on the fixed deposits	380,419	649,976
Equity securities	606,847	462,370
Dividend income received/receivable on the equity securities	31,621	29,393
Debt securities	1,233,034	-
Interest income received/receivable on the debt securities	23,520	11,533

(o) Transactions and balances with Tenaga Nasional Berhad, during the year were as follows:

	Group and Company	
	2025 USD	2024 USD
Equity securities	702,137	716,627
Dividend income received/receivable on the equity securities	25,323	16,559
Debt securities	11,658,384	11,281,960
Interest income received/receivable on the debt securities	399,358	390,443

(p) Transactions and balances with Telekom Malaysia Berhad, during the year were as follows:

	Group and Company	
	2025 USD	2024 USD
Equity securities	397,522	285,145
Dividend income received/receivable on the equity securities	14,430	6,565

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25. Related party disclosures (cont'd.)

(q) Transactions and balances with Petroliam Nasional Berhad, during the year were as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Dividend income received/receivable on the equity securities	-	4,306
Debt securities	8,921,289	9,754,039
Interest income received/receivable on the debt securities	469,370	456,616

(r) Transactions and balances with MISC Berhad, during the year were as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Equity securities	288,474	276,212
Dividend income received/receivable on the equity securities	13,277	7,228

(s) Compensation of key management personnel

The remuneration of Directors and other members of key management during the year were as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Short-term employee benefits	208,376	225,738
Post-employment benefits:		
Contributions to defined contribution plan, EPF	29,810	33,006
Gratuity benefits	-	561,776
Chief Executive Officer's remuneration	238,186	820,520
Short-term employee benefits	826,495	707,994
Post-employment benefits:		
Contributions to defined contribution plan, EPF	121,717	104,485
Key Management Personnel's remuneration	948,212	812,479
Directors' remuneration	328,635	303,757

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25. Related party disclosures (cont'd.)

(s) Compensation of key management personnel (cont'd.)

Members of the key management comprise those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. All directors of the Company and the Chief Executive Officer are considered key management personnel.

Chief Executive Officer's Remuneration Expenses

The details of remuneration received by the Chief Executive Officer during the year are as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Salaries, bonuses and other emoluments	198,733	205,676
Contribution to defined contribution plan, EPF	29,810	33,006
Estimated money value of benefits-in-kind	9,643	20,062
Gratuity benefits	-	561,776
	238,186	820,520

Directors' Remuneration Expenses

The details of remuneration received by the Directors during the year are as follows:

	Group and Company	
	2025	**2024**
	USD	**USD**
Non-Executive:		
Fees	245,007	226,205
Allowances	74,038	69,492
Estimated monetary value of benefits-in-kind	9,590	8,060
	328,635	303,757

The number of Non-Executive Directors whose total remuneration received during the year falls within the following bands are as follows:

	Group and Company Number of directors	
	2025	**2024**
Below USD20,000	2	2
USD20,001 to USD25,000	1	1
USD25,001 to USD30,000	4	7
USD30,001 and above	4	1
	11	11

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26. Risk management framework

The risk management framework of the Group and the Company are as follows:

The Risk Management Committee was established to drive the risk management processes in identifying principal business risks and the implementation of appropriate systems to manage these risks.

Independent risk management and control functions under Internal Audit are responsible to ascertain that the risk policies are implemented and complied with.

The Management of respective Business Units are responsible for identifying, mitigating risks within their lines of business and ensure that their day-to-day business activities are carried out in accordance with the established risk policies, procedures and limits.

Audit Committee, supported by Internal Audit, is established to provide an independent assessment of the adequacy and reliability of the risk management processes and system of internal controls and compliance with risk policies, laws, internal and regulatory guidelines.

Risk Management policies are reviewed at least yearly to ensure they remain relevant and effective and managing the associated risks due to changes in the market and regulatory environments.

27. Insurance/takaful risk management

Managing insurance/takaful risk is the core business of the Group and the Company. The objectives of managing insurance/takaful risks are to enhance the long-term financial performance of the business and limit any excessive variability of the insurance/takaful results.

The Group and the Company underwrite proportional and non-proportional treaties and facultative insurance/takaful business. The main classes of insurance/takaful business underwritten include aviation, casualty, engineering, marine, motor, others and property.

The Group and the Company also participate in four syndicates in YOA 2025 (YOA 2024: four) at Lloyd’s through its wholly-owned corporate member, LRUL. The Company is also the retakaful operator of the general retakaful fund which it manages on behalf of the participants.

Insurance/takaful risk arises from the Group and the Company’s core insurance/takaful business, in which a part of an insurer/takaful operator’s risk or portfolio of risks is assumed in return for premium/ contribution.

As part and parcel of the risk evaluation and management process for both the conventional and takaful portfolios, the Group and the Company regularly review the markets that they write business from, placing particular emphasis on the underwriting discipline of the ceding companies’ Management and proven track record of their insurance/takaful business as well as the performance of their outward treaty and facultative reinsurance/retakaful.

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27. Insurance/takaful risk management (cont'd.)

A set of underwriting guidelines detailing the underwriting policy, territories, classes, risk types, line sizes, and exclusions is in place to facilitate prudent underwriting. A pricing tool is also utilised by the underwriters to complement their underwriting judgement which further reduces the risks of not considering suitable factors affecting the acceptance of an insurer/takaful operator's risk.

As the Group and the Company write treaty and facultative risks from markets exposed to natural catastrophes such as earthquakes and typhoons, an Earthquake and Typhoon Aggregate Control system is in place to assess and monitor such exposures. A report is prepared on monthly basis to ensure the earthquake and typhoon aggregates in any one country does not exceed the total protection limit for that country.

The Group and the Company have in place reinsurance programmes that offer protection for all major lines of business written in the domestic and overseas markets. The scope of coverage, limits and structure of the programmes are reviewed every year by the Risk Committee before renewal to ensure the Group and the Company continue to be protected so as to limit the exposure to any one risk or loss event in accordance with the pre-determined guidelines.

For the Group and the Company's participation in the Lloyd's syndicates, the responsibility of managing the underwriting and financial risks of the syndicates lies solely with the managing agents of the syndicates. The corporate member relies on the managing agents to implement appropriate policies, procedures and internal controls to manage the syndicates' exposures to insurance risk, credit risk, market risk, liquidity risk and operational risk.

Concentration/accumulation of insurance/takaful risks

Claims can accumulate losses from various contracts from a single systemic cause, such as a natural catastrophe or a large risk loss. Further concentration can occur if parts of the same risks are accepted from different clients. Resources of the Group and the Company will be financially strained arising from such accumulations.

As indicated above, the Group and the Company have effected a reinsurance protection for natural catastrophes and also carry out regular analysis to monitor potential concentration of the same risk reinsured/retakaful ceded from different clients.

The table below sets out the concentration of the Group and the Company's insurance/takaful business contribution by type of product. The disclosure is based on the carrying amounts of insurance/takaful contract assets/liabilities and reinsurance contracts held.

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27. Insurance/takaful risk management (cont'd.)

Concentration/accumulation of insurance/takaful risks (cont'd.)

	<---- 2025 ----			<---- 2024 ----		
	Gross USD	Reinsurance USD	Net USD	Gross USD	Reinsurance USD	Net USD
Group						
Aviation	(387,360)	-	(387,360)	(311,703)	-	(311,703)
Casualty	(10,048,670)	17,435	(10,031,235)	(6,665,956)	52,209	(6,613,747)
Engineering	(15,267,892)	-	(15,267,892)	(14,161,289)	-	(14,161,289)
Marine	(10,445,023)	22,276	(10,422,747)	(14,378,335)	310,461	(14,067,874)
Motor	(20,437,847)	-	(20,437,847)	(17,922,879)	-	(17,922,879)
Others	(12,852,526)	290,392	(12,562,134)	(10,935,585)	283,973	(10,651,612)
Property	(149,178,571)	2,884,331	(146,294,240)	(141,818,677)	8,536,689	(133,281,988)
Lloyd's	(111,705,557)	46,702,267	(65,003,290)	(98,818,968)	38,074,438	(60,744,530)
Total	(330,323,446)	49,916,701	(280,406,745)	(305,013,392)	47,257,770	(257,755,622)
Local	(69,359,481)	9,066,746	(60,292,735)	(68,816,455)	12,397,952	(56,418,503)
Overseas	(260,963,965)	40,849,955	(220,114,010)	(236,196,937)	34,859,818	(201,337,119)
Total	(330,323,446)	49,916,701	(280,406,745)	(305,013,392)	47,257,770	(257,755,622)
Company						
Aviation	(387,360)	-	(387,360)	(311,703)	-	(311,703)
Casualty	(10,048,670)	17,435	(10,031,235)	(6,665,956)	52,209	(6,613,747)
Engineering	(15,267,892)	-	(15,267,892)	(14,161,289)	-	(14,161,289)
Marine	(10,445,023)	22,276	(10,422,747)	(14,378,335)	310,461	(14,067,874)
Motor	(20,437,847)	-	(20,437,847)	(17,922,879)	-	(17,922,879)
Others	(12,852,526)	290,392	(12,562,134)	(10,935,585)	283,973	(10,651,612)
Property	(149,178,571)	2,884,331	(146,294,240)	(141,818,676)	8,536,689	(133,281,987)
Lloyd's	(26,791,030)	11,751,174	(15,039,856)	(25,679,417)	10,045,874	(15,633,543)
Total	(245,408,919)	14,965,608	(230,443,311)	(231,873,840)	19,229,206	(212,644,634)
Local	(69,359,481)	9,066,745	(60,292,736)	(68,816,455)	12,397,952	(56,418,503)
Overseas	(176,049,438)	5,898,863	(170,150,575)	(163,057,385)	6,831,254	(156,226,131)
Total	(245,408,919)	14,965,608	(230,443,311)	(231,873,840)	19,229,206	(212,644,634)

Key assumptions

Material judgements are required in determining the claim liabilities and in the choice of assumptions. Assumptions used are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at date of valuation. Assumptions are further evaluated on a continuous basis in order to arrive at realistic and reasonable valuations.

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27. Insurance/takaful risk management (cont'd.)

Sensitivities

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

The following sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions (refer Note 2(f)) held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

2025	Change in assumptions	Impact on profit before tax gross of reinsurance USD	Impact on profit before tax net of reinsurance USD	Impact on equity gross of reinsurance USD	Impact on equity net of reinsurance USD
Group					
Expected loss	+10%	(38,081,493)	(34,250,883)	(36,939,048)	(33,223,357)
Expected loss	-10%	30,680,261	27,154,245	29,759,853	26,339,618
Company					
Expected loss	+10%	(36,852,980)	(33,465,224)	(35,747,391)	(32,461,267)
Expected loss	-10%	29,484,223	26,401,060	28,599,697	25,609,029

2024	Change in assumptions	Impact on profit before tax gross of reinsurance USD	Impact on profit before tax net of reinsurance USD	Impact on equity gross of reinsurance USD	Impact on equity net of reinsurance USD
Group					
Expected loss	+10%	(39,653,260)	(35,697,813)	(38,463,662)	(34,626,879)
Expected loss	-10%	28,022,811	24,482,523	27,182,127	23,748,047
Company					
Expected loss	+10%	(38,457,950)	(35,082,042)	(37,304,211)	(34,029,580)
Expected loss	-10%	26,924,709	23,758,431	26,116,967	23,045,678

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28. Financial risk

28.1 Financial risk management

The Group and the Company are exposed to a variety of financial risks that includes credit risk, liquidity risk, market risk (currency risk, interest rate risk, equity price risk) and operational risk. The Group and the Company's overall financial risk management objective is to ensure that the Group and the Company create value for their shareholders whilst managing potential exposure to adverse effects on their financial performance and positions.

The Group and the Company are guided by risk management policies which set out the overall business strategies. The Risk Committee sets the policy and framework for the risk management function and reviews its appropriateness regularly. The administration of financial risk management is delegated to the Management of the Group and the Company.

The policies and measures taken by the Group and the Company to manage these risks are as set out below:

- Credit risk
- Liquidity risk
- Market risk

At Group level, financial investments and a significant part of the assets and liabilities shown in the financial statements of the subsidiary, LRUL, represent its share of these balances held in the Lloyd's syndicates. The Management has no control over the disposition of these assets and liabilities. Accordingly, except for insurance liabilities, they are not included in the analysis shown in these notes.

28.2 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer, an intermediary or counterparty to settle its financial and contractual obligations to the Group and the Company as and when they fall due.

The Group and the Company's primary exposure to credit risk arises through its investment in fixed income securities, placements or balances with financial institutions, insurance premium/takaful contribution receivables and recoveries from retrocessionaires.

28. Financial risk (cont'd.)

28.2 Credit risk (cont'd.)

Receivables

Risk management's objectives, policies and processes for managing risk

The Group and the Company are exposed to credit risk from both their ceding companies and retrocession. For cedants, insurance transactions are only entered into after their credit worthiness is evaluated. For retrocession, above 95% of the reinsurance transactions are entered into only with those rated A and better by either A.M. Best or Standard & Poor's. Following initial assessments, the credit standing of both cedants and retrocessionaires are monitored continuously. In the case of cedants, poor settlement record may be a sign of deteriorating credit worthiness. For retrocessionaires, any downgrade by rating agencies will be taken as indicative of higher default risk.

Credit risk management in respect of insurance receivables is practised by implementing effective credit documentation and collection procedures. The Group and the Company have established defined tolerance on credit periods and monitor the credit portfolio carefully to minimise problematic accounts.

The maximum exposure to credit risk is normally represented by the carrying amount of each financial asset in the Statements of Financial Position. However, it is a common practice in the reinsurance industry for accounts to be settled on a net basis. In such cases, the maximum exposure to credit risk is expected to be limited to the extent of the amount of financial assets that have not been fully offset by financial liabilities with the same counterparty.

The Group's credit risk is mainly from the Company's activities and the subsidiary which participates in the Lloyd's syndicates' activities. The policy for the latter is to maintain a diversified portfolio of syndicates in terms of premium exposure, and reduce the volatility in performance by managing the exposure in the USA.

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28. Financial risk (cont'd.)

28.2 Credit risk (cont'd.)

Investments and deposit placements

Risk management's objectives, policies and procedures for managing risk

In respect of the Group and the Company's investment activities, the policy is to maintain a diversified portfolio of investments in high quality investment grade fixed income securities. Acceptable standards and limits are established by the Investment Committee and endorsed by the Board in respect of exposure, rating, yield and tenure.

Exposure to credit risk, credit quality and collateral

The Group and the Company have no significant concentration of credit risk in its investment assets except that 100.0% (2024: 100.0%) of the deposits are placed with licensed banks in Malaysia and the overseas branches of Malaysian licensed banks.

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28. Financial risk (cont'd.)

28.2 Credit risk (cont'd.)

28.2.1 Credit exposure

The credit risk analysis below is presented in line with how the Group and the Company manage the risk. The Group and the Company manage their credit exposure based on the carrying value of the financial instruments and insurance/takaful and reinsurance assets.

The table below shows the maximum exposure to credit risk for the financial instruments, and insurance/takaful and reinsurance assets on the statements of financial position.

	Group		Company	
	2025 USD	2024 USD Restated	2025 USD	2024 USD Restated
Cash and cash equivalents	86,775,712	64,416,360	84,898,633	64,406,218
Investments:				
Fair value through profit or loss	289,121,016	281,272,944	289,121,016	281,272,944
Fair value through other comprehensive income	25,322,364	-	25,322,364	-
Amortised cost	34,339,229	44,773,071	34,339,229	44,773,071
Other receivables (excluding prepayments)	28,102,976	27,403,744	42,782,340	40,537,759
Reinsurance contract assets	60,304,528	58,834,127	33,024,142	32,284,584
Total credit risk exposure	523,965,825	476,700,246	509,487,724	463,274,576

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28. Financial risk (cont'd.)

28.2 Credit risk (cont'd.)

28.2.1 Credit exposure (cont'd.)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying assets according to the Group and the Company's credit ratings of counterparties.

	Neither Past-due nor Impaired					
	Investment Grade	Non Investment Grade		Past due but not impaired	Not-rated/not subject to credit risk	Total
		Satisfactory	Unsatisfactory			
31 December 2025	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Group						
Cash and cash equivalents	86,775,712	-	-	-	-	86,775,712
Investments:						
Amortised cost	34,339,229	-	-	-	-	34,339,229
FVOCI						
Debt securities	25,322,364	-	-	-	-	25,322,364
FVTPL						
Equity securities	-	-	-	-	44,919,556	44,919,556
Government securities	13,379,806	-	-	-	-	13,379,806
Debt securities	203,888,298	-	-	-	-	203,888,298
Unit trust fund	-	-	-	-	2,759,407	2,759,407
Exchange-traded funds	-	-	-	-	15,064,239	15,064,239
Real estate trust funds	-	-	-	-	9,109,710	9,109,710
Other receivables (excluding prepayments)	27,400,129	-	-	-	702,847	28,102,976
Reinsurance contract assets	52,753,053	129,464	-	-	7,422,011	60,304,528
	443,858,591	129,464	-	-	79,977,770	523,965,825

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Labuan Reinsurance (L) Ltd
(Incorporated in Federal Territory of Labuan, Malaysia)

28. Financial risk (cont'd.)

28.2 Credit risk (cont'd.)

28.2.1 Credit exposure (cont'd.)

Credit exposure by credit rating (cont'd.)

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying assets according to the Group and the Company's credit ratings of counterparties. (cont'd.)

	Neither Past-due nor Impaired					
	Investment Grade	Non Investment Grade				
31 December 2025	Investment Grade USD	Satisfactory USD	Unsatisfactory USD	Past due but not impaired USD	Not-rated/not subject to credit risk USD	Total USD
Company						
Cash and cash equivalents	84,898,633	-	-	-	-	84,898,633
Investments:						
Amortised cost	34,339,229	-	-	-	-	34,339,229
FVOCI						
Debt securities	25,322,364	-	-	-	-	25,322,364
FVTPL						
Equity securities	-	-	-	-	44,919,556	44,919,556
Government securities	13,379,806	-	-	-	-	13,379,806
Debt securities	203,888,298	-	-	-	-	203,888,298
Unit trust fund	-	-	-	-	2,759,407	2,759,407
Exchange-traded funds	-	-	-	-	15,064,239	15,064,239
Real estate trust funds	-	-	-	-	9,109,710	9,109,710
Other receivables (excluding prepayments)	42,079,493	-	-	-	702,847	42,782,340
Reinsurance contract assets	25,472,667	129,464	-	-	7,422,011	33,024,142
	429,380,490	129,464	-	-	79,977,770	509,487,724

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Labuan Reinsurance (L) Ltd
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28. Financial risk (cont'd.)

28.2 Credit risk (cont'd.)

28.2.1 Credit exposure (cont'd.)

Credit exposure by credit rating (cont'd.)

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying assets according to the Group and the Company's credit ratings of counterparties. (cont'd.)

31 December 2024 (Restated)	Neither Past-due nor Impaired Investment Grade USD Restated	Non Investment Grade Satisfactory USD Restated	Non Investment Grade Unsatisfactory USD Restated	Past due but not impaired USD Restated	Not-rated/not subject to credit risk USD Restated	Total USD
Group						
Cash and cash equivalents	64,415,801	-	-	-	559	64,416,360
Investments:						
Amortised cost	44,773,071	-	-	-	-	44,773,071
FVTPL						
Equity securities	-	-	-	-	41,110,754	41,110,754
Government securities	21,417,502	-	-	-	-	21,417,502
Debt securities	209,136,537	-	-	-	-	209,136,537
Unit trust fund	-	-	-	-	3,376,459	3,376,459
Exchange-traded funds	-	-	-	-	4,902,868	4,902,868
Real estate trust funds	-	-	-	-	1,328,824	1,328,824
Other receivables (excluding prepayments)	26,055,456	-	-	-	1,348,288	27,403,744
Reinsurance contract assets	54,919,747	169	-	-	3,914,211	58,834,127
	420,718,114	169	-	-	55,981,963	476,700,246

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Labuan Reinsurance (L) Ltd
(Incorporated in Federal Territory of Labuan, Malaysia)

28. Financial risk (cont'd.)

28.2 Credit risk (cont'd.)

28.2.1 Credit exposure (cont'd.)

Credit exposure by credit rating (cont'd.)

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying assets according to the Group and the Company's credit ratings of counterparties. (cont'd.)

31 December 2024 (Restated)	Neither Past-due nor Impaired Investment Grade USD Restated	Non Investment Grade Satisfactory USD Restated	Non Investment Grade Unsatisfactory USD Restated	Past due but not impaired USD Restated	Not-rated/not subject to credit risk USD Restated	Total USD
Company						
Cash and cash equivalents	64,405,659	-	-	-	559	64,406,218
Investments:						
Amortised cost	44,773,071	-	-	-	-	44,773,071
FVTPL						
Equity securities	-	-	-	-	41,110,754	41,110,754
Government securities	21,417,502	-	-	-	-	21,417,502
Debt securities	209,136,537	-	-	-	-	209,136,537
Unit trust fund	-	-	-	-	3,376,459	3,376,459
Exchange-traded funds	-	-	-	-	4,902,868	4,902,868
Real estate trust funds	-	-	-	-	1,328,824	1,328,824
Other receivables (excluding prepayments)	39,189,471	-	-	-	1,348,288	40,537,759
Reinsurance contract assets	28,370,204	169	-	-	3,914,211	32,284,584
	407,292,444	169	-	-	55,981,963	463,274,576

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Labuan Reinsurance (L) Ltd
(Incorporated in Federal Territory of Labuan, Malaysia)

28 Financial risk (cont'd.)

28.2 Credit risk (cont'd.)

28.2.1 Credit exposure (cont'd.)

Credit exposure by credit rating (cont'd.)

The tables below provide information regarding the credit risk exposure by classifying assets according to the credit ratings issued by Rating Agency of Malaysia (RAM), Malaysian Rating Corporation Berhad (MARC), Standard & Poor's, Moody's and Fitch. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

As at December 31st, 2025 Group	Note	Government Guaranteed USD	AAA USD	AA USD	A USD	BBB USD	Not Rated Debts and Deposits USD	Equity and Others USD	Total USD
Cash and cash equivalents	16	-	15,116,176	11,937,712	59,720,838	-	986	-	86,775,712
Investments:	12								
Amortised cost		-	2,015,025	2,330,089	29,994,115	-	-	-	34,339,229
FVOCI									
Debt securities		-	-	-	7,248,177	18,074,187	-	-	25,322,364
FVTPL									
Equity securities		-	-	-	-	-	-	44,919,556	44,919,556
Government securities		13,379,806	-	-	-	-	-	-	13,379,806
Debt securities		-	31,848,674	48,074,186	111,875,424	12,090,014	-	-	203,888,298
Unit trust fund		-	-	-	-	-	-	2,759,407	2,759,407
Exchange-traded funds		-	-	-	-	-	-	15,064,239	15,064,239
Real estate trust funds		-	-	-	-	-	-	9,109,710	9,109,710
Other receivables (excluding prepayments)	15	-	404,328	501,759	26,123,256	370,786	702,847	-	28,102,976
Reinsurance contract assets	13	-	-	8,675,349	44,077,704	129,464	7,422,011	-	60,304,528
		13,379,806	49,384,203	71,519,095	279,039,514	30,664,451	8,125,844	71,852,912	523,965,825

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Labuan Reinsurance (L) Ltd
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28 Financial risk (cont'd.)

28.2 Credit risk (cont'd.)

28.2.1 Credit exposure (cont'd.)

Credit exposure by credit rating (cont'd.)

The tables below provide information regarding the credit risk exposure by classifying assets according to the credit ratings issued by Rating Agency of Malaysia (RAM), Malaysian Rating Corporation Berhad (MARC), Standard & Poor's, Moody's and Fitch. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

As at December 31st, 2025 Company	Note	Government Guaranteed USD	AAA USD	AA USD	A USD	BBB USD	Not Rated Debts and Deposits USD	Equity and Others USD	Total USD
Cash and cash equivalents	16	-	13,239,097	11,937,712	59,720,838	-	986	-	84,898,633
Investments:	12								
Amortised cost		-	2,015,025	2,330,089	29,994,115	-	-	-	34,339,229
FVOCI									
Debt securities		-	-	-	7,248,177	18,074,187	-	-	25,322,364
FVTPL									
Equity securities		-	-	-	-	-	-	44,919,556	44,919,556
Government securities		13,379,806	-	-	-	-	-	-	13,379,806
Debt securities		-	31,848,674	48,074,186	111,875,424	12,090,014	-	-	203,888,298
Unit trust fund		-	-	-	-	-	-	2,759,407	2,759,407
Exchange-traded funds		-	-	-	-	-	-	15,064,239	15,064,239
Real estate trust funds		-	-	-	-	-	-	9,109,710	9,109,710
Other receivables (excluding prepayments)	15	-	404,328	501,759	40,802,620	370,786	702,847	-	42,782,340
Reinsurance contract assets	13	-	-	8,675,349	16,797,318	129,464	7,422,011	-	33,024,142
		13,379,806	47,507,124	71,519,095	266,438,492	30,664,451	8,125,844	71,852,912	509,487,724

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28 Financial risk (cont'd.)

28.2 Credit risk (cont'd.)

28.2.1 Credit exposure (cont'd.)

Credit exposure by credit rating (cont'd.)

The tables below provide information regarding the credit risk exposure by classifying assets according to the credit ratings issued by Rating Agency of Malaysia (RAM), Malaysian Rating Corporation Berhad (MARC), Standard & Poor's, Moody's and Fitch. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

As at December 31st, 2024 (Restated) Group	Note	Government Guaranteed USD	AAA USD	AA USD	A USD	BBB USD	Not Rated Debts and Deposits USD	Equity and Others USD	Total USD
Cash and cash equivalents	16	-	7,510,902	12,015,104	44,889,795	-	559	-	64,416,360
Investments:	12								
Amortised cost		-	1,873,546	2,355,721	40,543,804	-	-	-	44,773,071
FVTPL									
Equity securities		-	-	-	-	-	-	41,110,754	41,110,754
Government securities		21,417,502	-	-	-	-	-	-	21,417,502
Debt securities		-	44,037,279	26,736,683	120,323,660	18,038,915	-	-	209,136,537
Unit trust funds		-	-	-	-	-	-	3,376,459	3,376,459
Exchange-traded funds		-	-	-	-	-	-	4,902,868	4,902,868
Real estate trust funds		-	-	-	-	-	-	1,328,824	1,328,824
Other receivables									
(excluding prepayments)	15	-	300,177	283,156	25,368,952	103,171	1,348,288	-	27,403,744
Reinsurance contract assets	13	-	-	12,284,898	42,634,849	169	3,914,211	-	58,834,127
		21,417,502	53,721,904	53,675,562	273,761,060	18,142,255	5,263,058	50,718,905	476,700,246

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Labuan Reinsurance (L) Ltd
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28 Financial risk (cont'd.)

28.2 Credit risk (cont'd.)

28.2.1 Credit exposure (cont'd.)

Credit exposure by credit rating (cont'd.)

The tables below provide information regarding the credit risk exposure by classifying assets according to the credit ratings issued by Rating Agency of Malaysia (RAM), Malaysian Rating Corporation Berhad (MARC), Standard & Poor's, Moody's and Fitch. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

As at December 31st, 2024 (Restated) Company	Note	Government Guaranteed USD	AAA USD	AA USD	A USD	BBB USD	Not Rated Debts and Deposits USD	Equity and Others USD	Total USD
Cash and cash equivalents	16	-	7,510,902	12,015,104	44,879,653	-	559	-	64,406,218
Investments:	12								
Amortised cost		-	1,873,546	2,355,721	40,543,804	-	-	-	44,773,071
FVTPL									
Equity securities		-	-	-	-	-	-	41,110,754	41,110,754
Government securities		21,417,502	-	-	-	-	-	-	21,417,502
Debt securities		-	44,037,279	26,736,683	120,323,660	18,038,915	-	-	209,136,537
Unit trust funds		-	-	-	-	-	-	3,376,459	3,376,459
Exchange-traded funds		-	-	-	-	-	-	4,902,868	4,902,868
Real estate trust funds		-	-	-	-	-	-	1,328,824	1,328,824
Other receivables									
(excluding prepayments)	15	-	300,177	283,156	38,502,967	103,171	1,348,288	-	40,537,759
Reinsurance contract assets	13	-	-	12,284,898	16,085,306	169	3,914,211		32,284,584
		21,417,502	53,721,904	53,675,562	260,335,390	18,142,255	5,263,058	50,718,905	463,274,576

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28 Financial risk (cont'd.)

28.2 Credit risk (cont'd.)

28.2.1 Credit exposure (cont'd.)

Insurance receivables - Definition of default

The Group and the Company consider a financial asset to be in default by assessing the following criteria:

(i) Quantitative criteria

Insurance/takaful receivables are considered to be in default when the counterparty fails to make contractual payments within 24 months when they fall due, which is derived based on the Group's and the Company's historical information.

(ii) Qualitative criteria

Default occurs when the counterparty is in bankruptcy or has indications of potentially significant financial difficulty such as lawsuits or similar actions that threaten the financial viability of the counterparty. The criteria above have been applied to all financial instruments held by the Group and the Company and are consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout the Group's and the Company's expected loss calculations.

Other financial assets - Reconciliation of allowance account

Expected credit loss

The following table shows the movement in gross insurance/takaful receivables and the loss allowances recognised for credit impaired receivables.

	Not credit impaired USD	Credit impaired USD	Total USD
Gross carrying amounts			
2025			
At January 1st, 2025	22,890,866	357,047	23,247,913
Increase/(Decrease) during the year	1,280,257	(194,644)	1,085,613
At December 31st, 2025	24,171,123	162,403	24,333,526
2024			
At January 1st, 2024	25,525,548	520,358	26,045,906
Decrease during the year	(2,634,682)	(163,311)	(2,797,993)
At December 31st, 2024	22,890,866	357,047	23,247,913

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28 Financial risk (cont'd.)

28.2 Credit risk (cont'd.)

28.2.1 Credit exposure (cont'd.)

Expected credit loss (cont'd.)

The following table shows the movement in gross insurance/takaful receivables and the loss allowances recognised for credit impaired receivables. (cont'd.)

	Not credit impaired USD	Credit impaired USD	Total USD
Allowance for ECL			
2025			
At January 1st, 2025	1,180,165	329,131	1,509,296
Net reversal during the year	(430,664)	(78,892)	(509,556)
At December 31st, 2025	749,501	250,239	999,740
2024			
At January 1st, 2024	347,734	520,358	868,092
Net increase/(reversal) during the year	832,431	(191,227)	641,204
At December 31st, 2024	1,180,165	329,131	1,509,296

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28 Financial risk (cont'd.)

28.3 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting obligations associated with their financial and insurance/takaful liabilities as they fall due, primarily in relation to claims arising from their general insurance contracts/takaful certificates. To manage this risk, the approach used is as follows:

- monitor the daily and weekly cash flow patterns and utilise weekly cash flow reporting to identify known, expected and potential cash outflows in determining an appropriate operating liquidity to cover expected and potential claims payments; and

- maintain sufficient cash and liquid assets to meet daily calls on its insurance/takaful and investment needs.

Apart from managing their immediate needs, the Group and the Company also strive to maintain a reasonable buffer to deal with unexpected large funding requirements. As at 31 December 2025, 53.7% (2024: 48.0%) of the Group and the Company's investment assets have a tenure less than one year. Most investment assets held by the Group and Company are marketable.

28.3.1 Maturity analysis

Maturity analysis for Insurance/takaful and reinsurance contract liabilities (present value of future cash flows basis)

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

2025	**Up to 1 year USD**	**1-2 years USD**	**2-3 years USD**	**3-4 years USD**	**4-5 years USD**	**>5 years USD**	**Total USD**
Group							
Insurance/takaful contract liabilities issued	(216,949,828)	(65,766,277)	(27,976,412)	(12,090,821)	(5,103,046)	(2,437,062)	(330,323,446)
Company							
Insurance/takaful contract liabilities issued	(134,249,734)	(63,551,844)	(27,976,412)	(12,090,821)	(5,103,046)	(2,437,062)	(245,408,919)

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28. Financial risk (cont'd.)

28.3 Liquidity risk (cont'd.)

28.3.1 Maturity analysis (cont'd.)

Maturity analysis for Insurance/takaful and reinsurance contract liabilities (present value of future cash flows basis) (cont'd.)

The following table summarises the maturity profile of portfolios of insurance contracts/takaful certificates issued and portfolios of reinsurance contracts held that are liabilities of the Group and the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented: (cont'd.)

2024 (Restated)	Up to 1 year USD	1-2 years USD	2-3 years USD	3-4 years USD	4-5 years USD	>5 years USD	Total USD
Group							
Insurance/takaful contract liabilities issued	(189,032,994)	(62,306,929)	(26,593,863)	(14,289,995)	(7,460,707)	(5,328,904)	(305,013,392)
Company							
Insurance/takaful contract liabilities issued	(117,906,349)	(60,294,022)	(26,593,863)	(14,289,995)	(7,460,707)	(5,328,904)	(231,873,840)

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28. Financial risk (cont'd.)

28.3 Liquidity risk (cont'd.)

28.3.1 Maturity analysis (cont'd.)

Maturity analysis for financial liabilities (contractual undiscounted cash flow basis)

The following table summarises the maturity profile of financial liabilities of the Group and the Company based on remaining undiscounted contractual cash flows.

2025	Carrying amount USD	Up to 1 year USD	Above 1 year but below 5 years USD	After 5 years USD	Total Undiscounted cash flows USD
Group					
Financial liabilities					
Other payables (excluding tax or zakat payables)	3,676,416	3,676,416	-	-	3,676,416
Lease liabilities	203,843	116,529	111,614	-	228,143
Borrowings	55,000,000	3,489,750	57,485,849	-	60,975,599
TOTAL	58,880,259	7,282,695	57,597,463	-	64,880,158
Company					
Financial liabilities					
Other payables (excluding tax or zakat payables)	3,662,951	3,662,951	-	-	3,662,951
Lease liabilities	203,843	116,529	111,614	-	228,143
Borrowings	55,000,000	3,489,750	57,485,849	-	60,975,599
TOTAL	58,866,794	7,269,230	57,597,463	-	64,866,693

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28. Financial risk (cont'd.)

28.3 Liquidity risk (cont'd.)

28.3.1 Maturity analysis (cont'd.)

Maturity analysis for financial liabilities (contractual undiscounted cash flow basis) (cont'd.)

The following table summarises the maturity profile of financial liabilities of the Group and the Company based on remaining undiscounted contractual cash flows. (cont'd.)

2024 (Restated)	Carrying amount USD	Up to 1 year USD	Above 1 year but below 5 years USD	After 5 years USD	Total Undiscounted cash flows USD
Group					
Financial liabilities					
Other payables (excluding tax or zakat payables)	3,722,480	3,722,480	-	-	3,722,480
Lease liabilities	74,138	34,211	52,021	-	86,232
Borrowings	55,000,000	4,125,000	62,063,356	-	66,188,356
TOTAL	58,796,618	7,881,691	62,115,377	-	69,997,068
Company					
Financial liabilities					
Other payables (excluding tax or zakat payables)	3,722,487	3,722,487	-	-	3,722,487
Lease liabilities	74,138	34,211	52,021	-	86,232
Borrowings	55,000,000	4,125,000	62,063,356	-	66,188,356
TOTAL	58,796,625	7,881,698	62,115,377	-	69,997,075

The borrowings represent subordinated bonds which have a tenure of up to 50 years from the date of first issue, i.e. 6 July 2012. They are shown under the above 1 year but below 5 years category which represents the duration to the next call date which is on 19 September 2027.

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28 Financial risk (cont'd.)

28.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract/takaful certificates issued or reinsurance contract held will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

The Group and the Company’s market risk policy sets out the assessment and determination of what constitutes market risk for it. Compliance with the policy is monitored and exposures and breaches are reported to the Risk Committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

The nature of the Group and the Company’s exposure to market risks and their objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

28.4.1 Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The risk is that adverse fluctuations in exchange rates may result in a reduction in measures of financial strength.

The Group's and the Company’s primary transactions are carried out in US Dollar (USD) and its exposure to foreign exchange risk arises principally because of its foreign currency denominated underwriting revenues (i.e. premiums) and expenses (i.e. claims).

In respect of the Group and the Company’s investment activities, investments are mainly concentrated in USD-denominated assets given that the Group and the Company's base currency is the USD. This is to reduce its exposure to currency risk. Exposures in currencies other than USD and Ringgit totalling USD13.62 million (2024: USD8.83 million) are predominantly from the externally-managed overseas funds. These exposures are unhedged.

The Group and the Company do not engage in derivative transactions for speculative purposes.

Financial investments denominated in Ringgit are matched against insurance/takaful liabilities in the same currency in order to achieve natural hedging. Management monitors the foreign exchange movements of Ringgit against the USD closely and adjusts the Ringgit exposure accordingly in the event the exchange rate moves against the Group and the Company's favour.

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28 Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.1 Currency Risk (cont'd.)

As at 31 December 2025, 74.9% (2024: 77.0%) of the Group and the Company's investment assets were denominated in USD.

The carrying amount of financial and insurance/takaful assets and liabilities at the reporting date, stated in USD or other currencies stated in USD equivalent, is set out below.

31 December 2025	US Dollar USD	Ringgit Malaysia USD	Pound Sterling USD	Japanese Yen USD	Euro USD	Chinese Yuan USD	Other currencies USD	Total USD
Group								
Financial investments:								
FVTPL	208,363,407	67,133,445	1,787,758	1,440,545	3,139,170	-	7,256,691	289,121,016
FVOCI	25,322,364	-	-	-	-	-	-	25,322,364
Amortised cost	27,619,037	6,720,192	-	-	-	-	-	34,339,229
Reinsurance contract assets	14,949,583	10,921,572	24,045,546	-	-	-	-	49,916,701
Other receivables (excluding prepayments)	23,665,529	500,733	3,936,714	-	-	-	-	28,102,976
Cash and cash equivalents	63,404,240	18,871,530	2,365,782	247,553	451,210	469,012	966,385	86,775,712
	363,324,160	104,147,472	32,135,800	1,688,098	3,590,380	469,012	8,223,076	513,577,998
Insurance contract/takaful certificate liabilities	(140,374,944)	(85,836,264)	(58,121,954)	(8,660,026)	(14,423,888)	(22,906,370)	-	(330,323,446)
Borrowings	(55,000,000)	-	-	-	-	-	-	(55,000,000)
Other payables (excluding tax or zakat payables)	(1,661,972)	(2,000,979)	(13,465)	-	-	-	-	(3,676,416)
Lease liabilities	-	(203,843)	-	-	-	-	-	(203,843)
Total	(197,036,916)	(88,041,086)	(58,135,419)	(8,660,026)	(14,423,888)	(22,906,370)	-	(389,203,705)

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Labuan Reinsurance (L) Ltd
(Incorporated in Federal Territory of Labuan, Malaysia)

28 Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.1 Currency Risk (cont'd.)

The carrying amount of financial and insurance/takaful assets and liabilities at the reporting date, stated in USD or other currencies stated in USD equivalent, is set out below. (cont'd.)

31 December 2025	US Dollar USD	Ringgit Malaysia USD	Pound Sterling USD	Japanese Yen USD	Euro USD	Chinese Yuan USD	Other currencies USD	Total USD
Company								
Financial investments:								
FVTPL	208,363,407	67,133,445	1,787,758	1,440,545	3,139,170	-	7,256,691	289,121,016
FVOCI	25,322,364	-	-	-	-	-	-	25,322,364
Amortised cost	27,619,037	6,720,192	-	-	-	-	-	34,339,229
Reinsurance contract assets	5,239,196	3,827,549	5,898,863	-	-	-	-	14,965,608
Other receivables (excluding prepayments)	23,665,529	500,733	18,616,078	-	-	-	-	42,782,340
Cash and cash equivalents	63,404,240	18,871,530	488,703	247,553	451,210	469,012	966,385	84,898,633
	353,613,773	97,053,449	26,791,402	1,688,098	3,590,380	469,012	8,223,076	491,429,190
Insurance contract/takaful certificate liabilities	(108,175,328)	(66,146,890)	(35,645,803)	(6,673,564)	(11,115,294)	(17,652,040)	-	(245,408,919)
Borrowings	(55,000,000)	-	-	-	-	-	-	(55,000,000)
Other payables (excluding tax or zakat payables)	(1,661,972)	(2,000,979)	-	-	-	-	-	(3,662,951)
Lease liabilities	-	(203,843)	-	-	-	-	-	(203,843)
Total	(164,837,300)	(68,351,712)	(35,645,803)	(6,673,564)	(11,115,294)	(17,652,040)	-	(304,275,713)

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Labuan Reinsurance (L) Ltd
(Incorporated in Federal Territory of Labuan, Malaysia)

28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.1 Currency Risk (cont'd.)

The carrying amount of financial and insurance/takaful assets and liabilities at the reporting date, stated in USD or other currencies stated in USD equivalent, is set out below. (cont'd.)

31 December 2024 (Restated)	US Dollar USD	Ringgit Malaysia USD	Pound Sterling USD	Japanese Yen USD	Euro USD	Chinese Yuan USD	Other currencies USD	Total USD
Group								
Financial investments:								
FVTPL	214,326,136	58,117,009	2,689,646	1,559,471	1,469,327	-	3,111,355	281,272,944
Amortised cost	36,752,579	8,020,492	-	-	-	-	-	44,773,071
Reinsurance contract assets	17,114,178	9,329,049	20,814,543	-	-	-	-	47,257,770
Other receivables (excluding prepayments)	23,142,433	501,026	3,760,285	-	-	-	-	27,403,744
Cash and cash equivalents	46,276,459	14,784,379	349,647	7,373	246,253	894,497	1,857,752	64,416,360
	337,611,785	90,751,955	27,614,121	1,566,844	1,715,580	894,497	4,969,107	465,123,889
Insurance contract/takaful certificate liabilities	(134,516,760)	(78,527,848)	(50,354,396)	(9,505,724)	(10,943,785)	(21,164,879)	-	(305,013,392)
Borrowings	(55,000,000)	-	-	-	-	-	-	(55,000,000)
Other payables (excluding tax or zakat payables)	(1,242,761)	(2,479,719)	-	-	-	-	-	(3,722,480)
Lease liabilities	-	(74,138)	-	-	-	-	-	(74,138)
	(190,759,521)	(81,081,705)	(50,354,396)	(9,505,724)	(10,943,785)	(21,164,879)	-	(363,810,010)

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Labuan Reinsurance (L) Ltd
(Incorporated in Federal Territory of Labuan, Malaysia)

28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.1 Currency Risk (cont'd.)

The carrying amount of financial and insurance/takaful assets and liabilities at the reporting date, stated in USD or other currencies stated in USD equivalent, is set out below. (cont'd.)

31 December 2024 (Restated)	US Dollar USD	Ringgit Malaysia USD	Pound Sterling USD	Japanese Yen USD	Euro USD	Chinese Yuan USD	Other currencies USD	Total USD
Company								
Financial investments:								
FVTPL	214,326,136	58,117,009	2,689,646	1,559,471	1,469,327	-	3,111,355	281,272,944
Amortised cost	36,752,579	8,020,492	-	-	-	-	-	44,773,071
Reinsurance contract assets	8,024,012	4,373,940	6,831,254	-	-	-	-	19,229,206
Other receivables (excluding prepayments)	23,142,433	501,026	16,894,300	-	-	-	-	40,537,759
Cash and cash equivalents	46,276,459	14,784,379	339,505	7,373	246,253	894,497	1,857,752	64,406,218
	328,521,619	85,796,846	26,754,705	1,566,844	1,715,580	894,497	4,969,107	450,219,198
Insurance contract/takaful certificate liabilities	(106,112,499)	(61,946,082)	(30,988,074)	(7,498,516)	(8,632,919)	(16,695,750)	-	(231,873,840)
Borrowings	(55,000,000)	-	-	-	-	-	-	(55,000,000)
Other payables (excluding tax or zakat payables)	(1,242,768)	(2,479,719)	-	-	-	-	-	(3,722,487)
Lease liabilities	-	(74,138)	-	-	-	-	-	(74,138)
	(162,355,267)	(64,499,939)	(30,988,074)	(7,498,516)	(8,632,919)	(16,695,750)	-	(290,670,465)

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Labuan Reinsurance (L) Ltd
(Incorporated in Federal Territory of Labuan, Malaysia)

28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.1 Currency Risk (cont'd.)

The following analysis is performed for reasonably possible movements in key variables, with all other variables held constant, showing the impact on profit before tax (due to changes in the fair value of currency-sensitive insurance contracts/takaful certificates and reinsurance contracts, financial assets with significant currency exposure whose changes in fair values are recorded in the Income Statements) and equity (that reflects adjustments to profit before tax and changes, net of tax impacts). The correlation of variables will have a significant effect in determining the ultimate impact of currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. The method used for deriving sensitivity information and significant variables did not change from the previous period. It should be noted that movements in these variables are non-linear.

		<------ Increase/(Decrease) ------>			
		2025		2024 (Restated)	
Group	Change in exchange rate	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Insurance/takaful and reinsurance contracts (Net)	+10%				
Ringgit Malaysia		5,984,119	5,804,595	6,154,623	5,969,984
Pound Sterling		3,025,649	2,934,879	3,463,031	3,359,140
Japanese Yen		764,122	741,199	692,256	671,488
Euro		927,687	899,857	1,050,590	1,019,072
Chinese Yuan		2,014,482	1,954,047	2,169,436	2,104,353
United States Dollar*		6,190,823	6,005,098	6,275,107	6,086,853
Insurance/takaful and reinsurance contracts (Net)	-10%				
Ringgit Malaysia		(7,314,067)	(7,094,645)	(7,523,362)	(7,297,661)
Pound Sterling		(3,691,892)	(3,581,135)	(4,221,611)	(4,094,963)
Japanese Yen		(934,212)	(906,186)	(846,259)	(820,871)
Euro		(1,131,918)	(1,097,960)	(1,281,284)	(1,242,846)
Chinese Yuan		(2,466,040)	(2,392,059)	(2,655,873)	(2,576,196)
United States Dollar*		(7,571,102)	(7,343,969)	(7,680,017)	(7,449,616)
Financial investment					
Ringgit Malaysia	+5%	(4,232,000)	(4,105,040)	(2,767,000)	(2,683,990)
Financial investment					
Ringgit Malaysia	-5%	4,677,000	3,059,000	4,536,690	2,967,230

*Other currencies that are pegged to the United States Dollar

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Labuan Reinsurance (L) Ltd
(Incorporated in Federal Territory of Labuan, Malaysia)

28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.1 Currency Risk (cont'd.)

The following analysis is performed for reasonably possible movements in key variables, with all other variables held constant, showing the impact on profit before tax (due to changes in the fair value of currency-sensitive insurance contracts/takaful certificates and reinsurance contracts, financial assets with significant currency exposure whose changes in fair values are recorded in the Income Statements) and equity (that reflects adjustments to profit before tax and changes, net of tax impacts). The correlation of variables will have a significant effect in determining the ultimate impact of currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. The method used for deriving sensitivity information and significant variables did not change from the previous period. It should be noted that movements in these variables are non-linear. (cont'd.)

		<------------------------------------ Increase/(Decrease)		------------------------------------>
		2025		2024 (Restated)	
Company	**Change in exchange rate**	**Impact on profit before tax**	**Impact on equity**	**Impact on profit before tax**	**Impact on equity**
Insurance/takaful and reinsurance contracts (Net)	+10%				
Ringgit Malaysia		5,984,119	5,804,595	6,154,623	5,969,984
Pound Sterling		2,416,552	2,344,056	2,877,061	2,790,749
Japanese Yen		764,122	741,199	692,256	671,488
Euro		927,687	899,857	1,050,590	1,019,072
Chinese Yuan		2,014,482	1,954,047	2,169,436	2,104,353
United States Dollar*		6,190,823	6,005,098	6,275,107	6,086,853
Insurance/takaful and reinsurance contracts (Net)	-10%				
Ringgit Malaysia		(7,314,067)	(7,094,645)	(7,523,362)	(7,297,661)
Pound Sterling		(2,947,434)	(2,859,011)	(3,505,429)	(3,400,266)
Japanese Yen		(934,212)	(906,186)	(846,259)	(820,871)
Euro		(1,131,918)	(1,097,960)	(1,281,284)	(1,242,846)
Chinese Yuan		(2,466,040)	(2,392,059)	(2,655,873)	(2,576,196)
United States Dollar*		(7,571,102)	(7,343,969)	(7,680,017)	(7,449,616)
Financial investment					
Ringgit Malaysia	+5%	(4,232,000)	(4,105,040)	(2,767,000)	(2,683,990)
Financial investment					
Ringgit Malaysia	-5%	4,677,000	3,059,000	4,536,690	2,967,230

*Other currencies that are pegged to the United States Dollar

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Labuan Reinsurance (L) Ltd
(Incorporated in Federal Territory of Labuan, Malaysia)

28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.2 Interest/profit rate risk

Interest/profit rate risk is the risk that the fair value or future cash flows of a financial instrument or insurance contracts/takaful certificates or reinsurance contracts held will fluctuate because of changes in market interest/profit rates. The Group and the Company's earnings can be potentially affected by changes in market interest/profit rates due to the impact the changes have on net finance income/(expenses) from insurance contracts/takaful certificates issued or reinsurance contracts held, interest/profit income from cash and cash equivalents and investments in fixed income.

In accordance with established investment guidelines, the Management, under the close direction of the Investment Committee and the Board, regularly monitors the interest/profit rate environment in order to assess and minimise risks to the Company's investment portfolio. The Company does not use derivative financial instruments to hedge its interest/profit rate risks.

The Group and the Company's exposure to interest/profit rate risk's sensitivity to the insurance/takaful and reinsurance contracts and debt instruments are as follows:

	2025 USD	2024 USD
Group		
Insurance/takaful contract assets		
Reinsurance contracts held	49,916,701	47,257,770
Insurance/takaful contract liabilities		
Insurance/takaful contract issued	(330,323,446)	(305,013,392)
Financial investments		
- Fair value through other comprehensive income	25,322,364	-
- Fair value through profit or loss	217,268,104	230,554,039
- Amortised cost	34,339,229	44,773,071
Cash and cash equivalents	86,775,712	64,416,360
Staff loans	733	1,016
	83,299,397	81,988,864

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Labuan Reinsurance (L) Ltd
(Incorporated in Federal Territory of Labuan, Malaysia)

28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.2 Interest/profit rate risk (cont'd.)

The Group and the Company's exposure to interest/profit rate risk's sensitivity to the insurance/takaful and reinsurance contracts and debt instruments are as follows (cont'd.):

	2025 USD	2024 USD
Company		
Insurance/takaful contract assets		
Reinsurance contracts held	14,965,608	19,229,206
Insurance/takaful contract liabilities		
Insurance/takaful contract issued	(245,408,919)	(231,873,840)
Financial investments		
- Fair value through other comprehensive income	25,322,364	-
- Fair value through profit or loss	217,268,104	230,554,039
- Amortised cost	34,339,229	44,773,071
Cash and cash equivalents	84,898,633	64,406,218
Staff loans	733	1,016
	131,385,752	127,089,710

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Labuan Reinsurance (L) Ltd
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28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.2 Interest/profit rate risk (cont'd.)

Sensitivities

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest profit rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear. The method used for deriving sensitivity information and significant variables has not changed from the previous period.

Insurance/takaful and reinsurance contracts

	Change in interest/profit rate	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
2025		**USD**	**USD**	**USD**	**USD**
		<------------------------- Increase/(Decrease)			**------------------------->**
Group					
Discount rate	+100 bps	3,244,925	2,704,436	3,147,577	2,623,303
Discount rate	-100 bps	(3,347,906)	(2,782,189)	(3,247,469)	(2,698,723)
Company					
Discount rate	+100 bps	3,180,039	2,675,320	3,084,638	2,595,060
Discount rate	-100 bps	(3,281,679)	(2,752,441)	(3,183,229)	(2,669,868)
2024					
Group					
Discount rate	+100 bps	3,383,737	2,816,288	3,282,225	2,731,799
Discount rate	-100 bps	(3,503,070)	(2,908,568)	(3,397,978)	(2,821,311)
Company					
Discount rate	+100 bps	3,330,149	2,790,797	3,230,245	2,707,073
Discount rate	-100 bps	(3,448,402)	(2,882,527)	(3,344,950)	(2,796,051)

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Labuan Reinsurance (L) Ltd
(Incorporated in Federal Territory of Labuan, Malaysia)

28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.2 Interest/profit rate risk (cont'd.)

Sensitivities (cont'd.)

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest profit rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear. The method used for deriving sensitivity information and significant variables has not changed from the previous period. (cont'd.)

Financial investments

Financial investments denominated in	Change in variables	2025 Impact on profit before tax USD	2025 Impact on equity USD	2024 Impact on profit before tax USD	2024 Impact on equity USD
		<------------------------- Increase/(Decrease)			------------------------->
Group and Company					
US Dollar	+100 basis points	(5,363,000)	(5,202,110)	(5,168,000)	(5,012,960)
	-100 basis points	5,805,000	5,630,850	5,459,000	5,295,230
Ringgit Malaysia	+50 basis points	(976,000)	(946,720)	(809,000)	(784,730)
	-50 basis points	977,000	947,690	821,000	796,370

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28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.2 Interest/profit rate risk (cont'd.)

The following tables provide information about financial assets showing the maturity dates and effective interest/profit rates at the reporting date.

Group 2025	Note	Non interest/ profit bearing	Maturity Date: 1 Year or less	Maturity Date: 1 to 5 years	Maturity Date: More than 5 years	Total carrying amount	Effective interest/ profit
		USD	USD	USD	USD	USD	%
Financial investments							
FVOCI	12	-	-	-	25,322,364	25,322,364	5.00
FVTPL	12	71,852,912	46,748,017	115,064,034	55,456,053	289,121,016	4.34
AC	12	-	34,339,229	-	-	34,339,229	3.60
Cash and bank balances	16	986	12,982,666	-	-	12,983,652	1.53
Deposits with financial institutions (with original maturity period of three months or less)	16	-	73,792,060	-	-	73,792,060	3.47
Staff loans	15	-	733	-	-	733	-
		71,853,898	167,862,705	115,064,034	80,778,417	435,559,054	

Group 2024	Note	Non interest/ profit bearing	Maturity Date: 1 Year or less	Maturity Date: 1 to 5 years	Maturity Date: More than 5 years	Total carrying amount	Effective interest/ profit
		USD	USD	USD	USD	USD	%
Financial investments							
FVTPL	12	50,718,905	34,374,363	140,249,618	55,930,058	281,272,944	4.82
AC	12	-	44,773,071	-	-	44,773,071	4.44
Cash and bank balances	16	559	10,505,819	-	-	10,506,378	1.50
Deposits with financial institutions (with original maturity period of three months or less)	16	-	53,909,982	-	-	53,909,982	4.44
Staff loans	15	-	1,016	-	-	1,016	-
		50,719,464	143,564,251	140,249,618	55,930,058	390,463,391	

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28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.2 Interest/profit rate risk (cont'd.)

The following tables provide information about financial assets showing the maturity dates and effective interest/profit rates at the reporting date. (cont'd.)

Company 2025	Note	Non interest bearing	Maturity Date 1 Year or less	1 to 5 years	More than 5 years	Total carrying amount	Effective interest
		USD	USD	USD	USD	USD	%
Financial investments							
FVOCI	12	-	-	-	25,322,364	25,322,364	5.00
FVTPL	12	71,852,912	46,748,017	115,064,034	55,456,053	289,121,016	4.34
AC	12	-	34,339,229	-	-	34,339,229	3.60
Cash and bank balances	16	986	11,105,587	-	-	11,106,573	1.53
Deposits with financial institutions (with original maturity period of three months or less)	16	-	73,792,060	-	-	73,792,060	3.47
Staff loans	15	-	733	-	-	733	-
		71,853,898	165,985,626	115,064,034	80,778,417	433,681,975	

Company 2024	Note	Non interest bearing	Maturity Date 1 Year of less	1 to 5 years	More than 5 years	Total carrying amount	Effective interest
		USD	USD	USD	USD	USD	%
Financial investments							
FVTPL	12	50,718,904	34,374,364	140,249,618	55,930,058	281,272,944	4.82
AC	12	-	44,773,071	-	-	44,773,071	4.44
Cash and bank balances	16	559	10,495,677	-	-	10,496,236	1.50
Deposits with financial institutions (with original maturity period of three months or less)	16	-	53,909,982	-	-	53,909,982	4.44
Staff loans	15	-	1,016	-	-	1,016	-
		50,719,463	143,554,110	140,249,618	55,930,058	390,453,249	

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28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.3 Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest/profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market. The Group and the Company's equity price risk exposure relates to equity shares whose values will fluctuate as a result of changes in market prices.

The internally-managed equity investments are carried out under the guidance of the Investment Committee and the Board. The Investment Department is governed by strict guidelines drawn up by the Investment Committee. These guidelines include, amongst others, allowable securities, limits on exposure to a single company and performance benchmarks.

Management focuses on equities that are fundamentally strong with relatively good dividend yields. The equity portfolios are divided into two categories, namely, investment stocks (held long term for its high dividend yield) and trading stocks (held short term with emphasis on potential to deliver capital gains).

The high dividend yields from investment stocks are expected to mitigate capital losses during adverse market conditions.

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28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.3 Equity price risk (cont'd.)

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in the fair value of financial assets and liabilities whose changes in fair values are recorded in the Income Statements) and equity (that reflects adjustments to profit before tax and the corresponding tax impacts as well as changes in the fair value of FVOCI financial assets). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, the latter had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

		2025		2024	
	Change in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
		<------------------------ Increase/(Decrease)		------------------------>	
Bursa	+5%	617,000	598,490	583,000	565,510
Malaysia	-5%	(617,000)	(598,490)	(583,000)	(565,510)
New York	+15%	5,892,000	5,715,240	4,614,000	4,475,580
Stock Exchange	-15%	(5,892,000)	(5,715,240)	(4,614,000)	(4,475,580)

28.4.4 Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group and the Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group and the Company are able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group and the Company's strategic planning and budgeting process.

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28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.5 Classification of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

i) Cash and cash equivalents ("Cash")
ii) Fair value through other comprehensive income ("FVOCI")
iii) Fair value through profit or loss ("FVTPL")
iv) Amortised cost ("AC")
v) Other financial liabilities measured at amortised cost ("OL")

	Note	Cash	FVOCI	FVTPL	AC	OL	Total
Group		**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
2025							
Financial investments	12	-	25,322,364	289,121,016	34,339,229	-	348,782,609
Other receivables (excluding prepayments)	15	-	-	-	28,102,976	-	28,102,976
Net assets arising from participation in Lloyd's syndicates	14	-	-	-	51,276,545	-	51,276,545
Cash and cash equivalents	16	86,775,712	-	-	-	-	86,775,712
Total financial assets		86,775,712	25,322,364	289,121,016	113,718,750	-	514,937,842
Borrowings	20	-	-	-	-	55,000,000	55,000,000
Other payables (excluding tax or zakat payables)	19	-	-	-	-	3,676,416	3,676,416
Lease liabilities	18	-	-	-	-	203,843	203,843
Total financial liabilities		-	-	-	-	58,880,259	58,880,259

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Labuan Reinsurance (L) Ltd
(Incorporated in Federal Territory of Labuan, Malaysia)

28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.5 Classification of financial instruments (cont'd.)

The table below provides an analysis of financial instruments:

Group	Note	Cash USD	FVOCI USD	FVTPL USD	AC USD	OL USD	Total USD
2024							
Financial investments	12	-	-	281,272,944	44,773,071	-	326,046,015
Other receivables (excluding prepayments)	15	-	-	-	27,403,744	-	27,403,744
Net assets arising from participation in Lloyd's syndicates	14	-	-	-	46,276,140	-	46,276,140
Cash and cash equivalents	16	64,416,360	-	-	-	-	64,416,360
Total financial assets		64,416,360	-	281,272,944	118,452,955	-	464,142,259
Borrowings	20	-	-	-	-	55,000,000	55,000,000
Other payables (excluding tax or zakat payables)	19	-	-	-	-	3,722,480	3,722,480
Lease liabilities	18	-	-	-	-	74,138	74,138
Total financial liabilities		-	-	-	-	58,796,618	58,796,618

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Labuan Reinsurance (L) Ltd
(Incorporated in Federal Territory of Labuan, Malaysia)

28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.5 Classification of financial instruments (cont'd.)

The table below provides an analysis of financial instruments: (cont'd.)

	Note	Cash USD	FVOCI USD	FVTPL USD	AC USD	OL USD	Total USD
Company							
2025							
Financial investments	12	-	25,322,364	289,121,016	34,339,229	-	348,782,609
Other receivables (excluding prepayments)	15	-	-	-	42,782,340	-	42,782,340
Cash and cash equivalents	16	84,898,633	-	-	-	-	84,898,633
Total financial assets		84,898,633	25,322,364	289,121,016	77,121,569	-	476,463,582
Borrowings	20	-	-	-	-	55,000,000	55,000,000
Other payables (excluding tax or zakat payables)	19	-	-	-	-	3,662,951	3,662,951
Lease liabilities	18	-	-	-	-	203,843	203,843
Total financial liabilities		-	-	-	-	58,866,794	58,866,794
2024							
Financial investments	12	-	-	281,272,944	44,773,071	-	326,046,015
Other receivables (excluding prepayments)	15	-	-	-	40,537,759	-	40,537,759
Cash and cash equivalents	16	64,406,218	-	-	-	-	64,406,218
Total financial assets		64,406,218	-	281,272,944	85,310,830	-	430,989,992
Borrowings	20	-	-	-	-	55,000,000	55,000,000
Other payables (excluding tax or zakat payables)	19	-	-	-	-	3,722,487	3,722,487
Lease liabilities	18	-	-	-	-	74,138	74,138
Total financial liabilities		-	-	-	-	58,796,625	58,796,625

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Labuan Reinsurance (L) Ltd
(Incorporated in Federal Territory of Labuan, Malaysia)

28. Financial risk (cont'd.)

28.4 Market risk (cont'd.)

28.4.6 Fair value information

The tables below analyse the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	2025			2024		
Group and Company	**Level 1 USD**	**Level 2 USD**	**Total USD**	**Level 1 USD**	**Level 2 USD**	**Total USD**
FVOCI financial assets						
Debt securities	-	25,322,364	25,322,364	-	-	-
FVTPL financial assets						
Government securities	-	13,379,806	13,379,806	-	21,417,502	21,417,502
Debt securities	-	203,888,298	203,888,298	-	209,136,537	209,136,537
Quoted equities	44,919,556	-	44,919,556	41,110,754	-	41,110,754
Unit trust funds	2,759,407	-	2,759,407	3,376,459	-	3,376,459
Exchange traded funds	15,064,239	-	15,064,239	4,902,868	-	4,902,868
Real estate trust funds	9,109,710	-	9,109,710	1,328,824	-	1,328,824
	71,852,912	242,590,468	314,443,380	50,718,905	230,554,039	281,272,944

There was no financial instrument measured at Level 3 of the fair value hierarchy during the reporting years. There was no transfer between Level 1 and Level 2 of the fair value hierarchy during the reporting years. Fair value of financial assets are derived using the methods described in Note 12(d).

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Labuan Reinsurance (L) Ltd
(Incorporated in Federal Territory of Labuan, Malaysia)

29. Regulatory capital requirements

The main objectives of the Group and the Company's capital management plan are to:

- provide an appropriate level of capital to protect insurers/takaful and meet regulatory solvency requirements;
- ensure that adequate capital is available to support their immediate, medium and long term business plans; and
- optimise returns to the shareholders through efficient use of available capital.

The Group and the Company have in place a 3-year strategic plan to chart its business direction. Financial targets are set annually through its budgeting process and regular reviews are carried out to re-allocate capital to business segments which have the potential to deliver stable returns over the long term. A risk management framework is in place to assist in the preservation of the Group and the Company's capital. In addition, the Group and the Company take into account the feedback and comments received from its rating agency in its capital management process.

If required, there is flexibility to adjust the Group's and the Company's existing dividend policy so as to retain a higher proportion of annual profit to support future business expansion.

The Group and the Company are regulated by the Labuan Financial Services Authority. The Group’s solvency position is above the minimum regulatory capital requirement outlined under the Insurance Capital Adequacy Framework (“ICAF”), which came into effect on 1 January 2024.

The Group’s internal target solvency range is above the minimum regulatory capital requirement outlined under ICAF prescribed by Labuan Financial Services Authority (“Labuan FSA”) at 120%.

The capital structure of the Group as at the reporting periods, as prescribed under the ICAF are as follows:

	2025 USD	2024 USD
Eligible Tier 1 Capital		
Share capital (paid-up)	150,000,000	150,000,000
Retained earnings of the Company	38,942,833	9,952,979
	188,942,833	159,952,979
Eligible Tier 2 Capital		
Eligible reserves	(3,793,666)	(3,088,910)
Subordinated term debts	55,000,000	29,865,753
	51,206,334	26,776,843
Amounts deducted from capital	(4,358,699)	(4,593,724)
Total Capital Available	235,790,468	182,136,098

The total capital available is measured based on the requirements prescribed under the ICAF by Labuan FSA and differs from the measurement basis reported in the statutory financial statements prepared in accordance with IFRS Accounting Standards and MFRS Accounting Standards.

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Labuan Reinsurance (L) Ltd
(Incorporated in the Federal Territory of Labuan, Malaysia)

30. Dividends

Dividends paid by the Company	Total amount USD
2025	
Final dividend in respect of financial year 2024 on 150,000,000 ordinary shares	9,000,000
2024	
Final dividend in respect of financial year 2023 on 150,000,000 ordinary shares	7,500,000

At the forthcoming Annual General Meeting, no dividend in respect of the financial year ended 31 December 2025 will be proposed for shareholders' approval.

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Labuan Reinsurance (L) Ltd
(Incorporated in the Federal Territory of Labuan, Malaysia)

31. Change in Measurement Approach under MFRS 17

During the current financial year, the Group and the Company adopted the Premium Allocation Approach ("PAA") as the measurement model for eligible insurance and reinsurance contracts, as compared to the General Measurement Model ("GMM") applied in the previous financial years. The change was made to better align the measurement approach with the nature, duration and risk profile of the underlying contracts, as well as the manner in which the Group and the Company assess their financial performance. The use of the PAA aligns with prevailing industry practice for eligible short-duration contracts. Although the timing of revenue and profit recognition may differ between PAA and GMM measurement models, the underlying economics and overall value of the insurance contracts are substantially the same. Accordingly, the change is expected to provide users of the financial statements with information that is more relevant, reliable and understandable, while simplifying operational and reporting processes.

The GMM is the default measurement model under MFRS 17 and requires insurance and reinsurance contracts to be measured using updated estimates of future cashflows, risk adjustments and the future profit expected to be recognised over the coverage period. In contrast, the PAA is a simplified measurement model permitted for eligible contracts, principally those with shorter coverage periods, where the liability for remaining coverage is measured using a simplified approach that broadly reflects the pattern in which insurance coverage is provided and premiums are earned. While the PAA involves fewer measurement assumptions and operational complexities than the GMM, both approaches are intended to reflect the underlying economic substance of the same insurance and reinsurance contracts.

In applying PAA, Management has assessed that all insurance and reinsurance contracts held meet the eligibility criteria prescribed under MFRS 17, as the coverage period of the contracts is generally one year or less, and/or the measurement of the liability for remaining coverage ("LFRC") under PAA is not materially different from that under GMM.

The PAA provides a simplified measurement basis for the LFRC while maintaining consistency with the recognition of insurance revenue and incurred claims. The application of the PAA reduces the complexity associated with measuring fulfilling cashflows by reducing the number of assumptions and input parameters required, thereby streamlining the valuation and financial reporting process for eligible contracts in accordance with the simplified approach permitted under MFRS 17.

In accordance with MFRS 108, the change in measurement approach, which constitutes a change in accounting policy, has been applied retrospectively. Accordingly, comparative information for the prior financial year has been restated to reflect the revised measurement approach. The restatement ensures comparability across reporting periods and provides users of the financial statements with a consistent basis for evaluating financial performance across reporting periods.

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Labuan Reinsurance (L) Ltd
(Incorporated in the Federal Territory of Labuan, Malaysia)

31. Change in Measurement Approach under MFRS 17 (Cont'd.)

The relevant comparative figures have been restated in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The effects of the adjustments on the affected components of assets, liabilities and equity in the statements of financial position of the Group and the Company as at 1 January 2024 and 31 December 2024 and on the affected components of the statements of profit or loss and other comprehensive income for the financial year ended 31 December 2024 are presented below. Any resulting adjustment arising from the retrospective application of the revised measurement approach was recognised in the opening retained earnings as at 1 January 2024.

(a) Statement of financial positions

(i) As at 1 January 2024

	Group			Company		
	As previously stated as at 1 Jan 2024	Remeasurement	As restated as at 1 Jan 2024	As previously stated as at 1 Jan 2024	Remeasurement	As restated as at 1 Jan 2024
	USD	USD	USD	USD	USD	USD
ASSETS						
Reinsurance contract assets	78,205,663	(20,713,726)	57,491,937	56,456,119	(30,510,374)	25,945,745
Net assets arising from participation in Lloyd's syndicates	31,146,464	20,373,777	51,520,241	-	-	-
Other receivables	42,963,777	(18,124,876)	24,838,901	49,929,696	(13,646,106)	36,283,590
EQUITY AND LIABILITIES						
Retained earnings	31,464,275	(25,561,273)	5,903,002	30,776,667	(19,019,172)	11,757,495
Insurance contract/takaful certificate liabilities	262,855,010	17,003,033	279,858,043	220,846,660	(23,491,833)	197,354,827
Reinsurance contract liabilities	2,619,653	(2,619,653)	-	2,619,653	(2,619,653)	-
Other payables	11,331,145	(7,286,932)	4,044,213	3,070,040	974,178	4,044,218

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Labuan Reinsurance (L) Ltd
(Incorporated in the Federal Territory of Labuan, Malaysia)

31. Change in Measurement Approach under MFRS 17 (Cont'd.)

The relevant comparative figures have been restated in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The effects of the adjustments on the affected components of assets, liabilities and equity in the statements of financial position of the Group and the Company as at 1 January 2024 and 31 December 2024 and on the affected components of the statements of profit or loss and other comprehensive income for the financial year ended 31 December 2024 are presented below. Any resulting adjustment arising from the retrospective application of the revised measurement approach was recognised in the opening retained earnings as at 1 January 2024. (cont'd.)

(a) Statement of financial positions (cont'd.)

(ii) As at 31 Dec 2024

	Group			Company		
	As previously stated as at 31 Dec 2024	**Remeasurement**	**As restated as at 31 Dec 2024**	**As previously stated as at 31 Dec 2024**	**Remeasurement**	**As restated as at 31 Dec 2024**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
ASSETS						
Reinsurance contract assets	76,868,666	(29,610,896)	47,257,770	55,184,830	(35,955,624)	19,229,206
Net assets arising from participation in Lloyd's syndicates	32,881,060	13,395,080	46,276,140	-	-	-
Other receivables	43,466,948	(13,897,903)	29,569,045	55,256,628	(14,274,060)	40,982,568
EQUITY AND LIABILITIES						
Retained earnings	50,626,898	(33,220,390)	17,406,508	48,356,221	(25,546,341)	22,809,880
Insurance contract/takaful certificate liabilities	295,819,077	9,194,315	305,013,392	255,448,100	(23,574,260)	231,873,840
Reinsurance contract liabilities	2,283,066	(2,283,066)	-	2,283,066	(2,283,066)	-
Other payables	8,282,691	(3,804,578)	4,478,113	3,304,137	1,173,983	4,478,120

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Labuan Reinsurance (L) Ltd
(Incorporated in the Federal Territory of Labuan, Malaysia)

31. Change in Measurement Approach under MFRS 17 (Cont'd.)

The relevant comparative figures have been restated in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The effects of the adjustments on the affected components of assets, liabilities and equity in the statements of financial position of the Group and the Company as at 1 January 2024 and 31 December 2024 and on the affected components of the statements of profit or loss and other comprehensive income for the financial year ended 31 December 2024 are presented below. Any resulting adjustment arising from the retrospective application of the revised measurement approach was recognised in the opening retained earnings as at 1 January 2024. (cont'd.)

(b) Statements of profit or loss and other comprehensive income

	Group			Company		
	As previously stated Financial year ended 31 Dec 2024	Remeasurement	As restated Financial year ended 31 Dec 2024	As previously stated Financial year ended 31 Dec 2024	Remeasurement	As restated Financial year ended 31 Dec 2024
	USD	USD	USD	USD	USD	USD
Insurance/takaful revenue	161,727,688	18,946,002	180,673,690	154,342,903	17,007,982	171,350,885
Insurance/takaful service expenses	(135,539,263)	(19,215,405)	(154,754,668)	(130,595,365)	(16,846,572)	(147,441,937)
Insurance/takaful service result before reinsurance	**26,188,425**	(269,403)	**25,919,022**	**23,747,538**	161,410	**23,908,948**
Allocation of reinsurance premiums	(17,710,703)	(11,927,086)	(29,637,789)	(15,239,096)	(11,191,107)	(26,430,203)
Amounts recoverable from reinsurers for incurred claims	7,753,125	5,892,128	13,645,253	6,119,324	5,253,970	11,373,294
Net expenses from reinsurance contracts held	**(9,957,578)**	(6,034,958)	**(15,992,536)**	**(9,119,772)**	(5,937,137)	**(15,056,909)**
Insurance/takaful service result	**16,230,847**	(6,304,361)	**9,926,486**	**14,627,766**	(5,775,727)	**8,852,039**
Net finance (expenses)/income from insurance contract/takaful certificates issued	(5,802,043)	1,213,874	(4,588,169)	(6,048,504)	1,584,947	(4,463,557)
Net finance income/(expenses) from reinsurance contracts held	2,300,226	(2,282,102)	18,124	2,393,561	(2,437,871)	(44,310)
Net insurance/takaful finance result	**(3,501,817)**	(1,068,228)	**(4,570,045)**	**(3,654,943)**	(852,924)	**(4,507,867)**
Other operating expenses	(5,891,932)	(286,528)	(6,178,460)	(5,227,738)	101,482	(5,126,256)
Profit before zakat and taxation	**27,486,304**	(7,659,117)	**19,827,187**	**25,855,210**	(6,527,169)	**19,328,041**
Net profit after tax and zakat	**26,662,623**	(7,659,117)	**19,003,506**	**25,079,554**	(6,527,169)	**18,552,385**

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board which collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no other facts, if omitted, would make any statement in this Circular misleading.

All information in relation to the Vendors and Labuan Re contained in this Circular were obtained from the Vendors and Labuan Re, respectively as well as from publicly available information. The sole responsibility of the Directors is limited to ensuring that such information is accurately reproduced in this Circular.

2. CONSENT

2.1 Principal Adviser

Affin Hwang IB, being the Principal Adviser to our Company for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

2.2 Independent Adviser

QuantePhi, being the Independent Adviser to our Company for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, its IAL as set out in Part B of this Circular and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

3.1 Principal Adviser

Affin Hwang IB is a wholly-owned subsidiary of Affin Bank Berhad ("**ABB**"). As at the LPD, LTAT, a major shareholder of ABB is also one of the Vendors in the Proposed Acquisition.

AHIB is also the Principal Adviser, Lead Arranger, Lead Manager and Facility Agent to our Company for the proposed RM500.0 million commercial papers programme.

ABB (the holding company of Affin Hwang IB) and its related and associated companies (the "**Affin Group**") form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, assets and funds management and credit transaction services businesses. The Affin Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our Company's affiliates, in addition to the roles set out in this Circular.

In the ordinary course of their businesses, any member of the Affin Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the Affin Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of our Group.

As at the LPD, our Group has no financing facilities with the Affin Group.

FURTHER INFORMATION

Notwithstanding the above, Affin Hwang IB is of the opinion that its role as the Principal Adviser for the Proposed Acquisition does not give rise to a conflict-of-interest situation in view that:

(i) the business of Affin Group generally acts independently of each other, and accordingly, there may be situations where parts of the Affin Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of the Affin Group. Nonetheless, the Affin Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese Wall between different business divisions;

(ii) the Affin Group forms a diversified financial group and is engaged in a wide range of transactions as highlighted above. Affin Hwang IB is a licensed investment bank and its appointment as the Principal Adviser in respect of the Proposed Acquisition is in the ordinary course of business;

(iii) the nominated Director of LTAT in ABB is not involved in the management and/or operational affairs in relation to corporate assignments undertaken by the Corporate Finance Department of Affin Hwang IB. The management and/or board of directors of Affin Hwang IB are also not subject to the directions of the nominated Director of LTAT in ABB in undertaking any of the day-to-day management and/or operational affairs in relation to corporate assignments undertaken by the Corporate Finance Department of Affin Hwang IB;

(iv) aside from the professional advisory fees to be earned by Affin Hwang IB as the Principal Adviser, Lead Arranger, Lead Manager and Facility Agent to our Company for the issuance of the RM500.0 million commercial papers, there is no other direct interest to be derived from Affin Hwang IB's appointment as the Principal Adviser for the Proposed Acquisition. Neither is Affin Hwang IB interested in nor affected by the outcome of the Proposed Acquisition; and

(v) each of the entities and departments of the Affin Group is also subject to internal controls and checks, which regulate the sharing of information between entities and departments. Additionally, each department and entity within the Affin Group has separate and distinct operations and decisions are made independently of each other. In addition, the conduct of Affin Hwang IB is also regulated by BNM and SC.

3.2 Independent Adviser

QuantePhi confirms that it is not aware of any conflict of interest that exist or is likely to exist in relation to its role as the Independent Adviser to our Company for the Proposed Acquisition.

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FURTHER INFORMATION

4. MATERIAL COMMITMENTS

Save as disclosed below, as at 31 March 2026 (based on the latest available audited consolidated financial statements of our Company for the FYE 31 March 2026), our Board confirms that there are no other material commitments incurred or known to be incurred by our Group, which upon becoming enforceable may have a material impact on the consolidated profits or consolidated NA of our Company:

	RM'000
Authorised and contracted for:	
- Property and equipment	7,134
- Intangible assets(1)	18,980
Total	**26,114**
Authorised but not contracted for:	
- Property and equipment	14,495
- Intangible assets(1)	98,207
Total	**112,702**

Note:
(1) Purchases for enhancements of the computer system of our Company.

5. CONTINGENT LIABILITIES

As at 31 March 2026 (as disclosed in the latest available audited consolidated financial statements of our Company for the FYE 31 March 2026), our Board confirms that they are not aware of any contingent liabilities incurred or known to be incurred by our Group, which upon becoming enforceable may have a material and adverse impact on the consolidated profits or consolidated NA of our Company as and when they fall due.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company at 12th Floor, Bangunan Malaysian Re, No.17, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:

(i) the Constitution of our Company and Labuan Re;

(ii) SPA;

(iii) the audited consolidated financial statements of our Company for the past 2 financial years of FYE 31 March 2025 and FYE 31 March 2026;

(iv) the audited consolidated financial statements of Labuan Re for the past 2 financial years of FYE 31 December 2024 and FYE 31 December 2025; and

(v) the letters of consent as referred to in Section 2 of **Appendix V** of this Circular.

MNRB HOLDINGS BERHAD
(Registration No. 197201001795 (13487-A))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of MNRB Holdings Berhad ("**MNRB**" or the "**Company**") will be held physically at Stateroom 2, Ground Floor, M Resort & Hotel, Jalan Damansara, Bukit Kiara, 60000 Kuala Lumpur on Friday, 14 August 2026 at 10:00 a.m. or at any adjournment thereof for the purpose of considering and if thought fit, passing with or without modifications the following resolution:

<u>ORDINARY RESOLUTION</u>

PROPOSED ACQUISITION OF 80% EQUITY INTEREST IN LABUAN REINSURANCE (L) LTD ("LABUAN RE") BY MNRB FOR A TOTAL CASH CONSIDERATION OF USD100,689,242.02 (EQUIVALENT TO RM400,491,460.14) ("PROPOSED ACQUISITION")

"**THAT**, subject to the approvals of all relevant authorities and/or parties being obtained, where required, and the conditions precedent in the conditional sale and purchase agreement dated 19 May 2026 ("**SPA**") entered into between MNRB as the purchaser and CIMB Bank Berhad, HICOM Holdings Berhad, MISC Berhad, Petroliam Nasional Berhad (PETRONAS), Telekom Malaysia Berhad, Tenaga Nasional Berhad, Lembaga Tabung Angkatan Tentera, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad (collectively referred to as the "**Vendors**") for the Proposed Acquisition being fulfilled or waived, approval be and is hereby given to MNRB, to acquire 120,000,000 ordinary shares in Labuan Re, representing 80% equity interest in Labuan Re from the Vendors, for a total cash consideration of USD100,689,242.02 (equivalent to RM400,491,460.14) in accordance with the terms and conditions of the SPA;

AND THAT the board of directors of the Company ("**Board**") be and is hereby authorised and empowered to give full effect to the Proposed Acquisition with full power to deal with all matters incidental, ancillary to and/ or relating thereto and take all such steps and to execute and deliver and/ or caused to be executed and delivered all the necessary documents, including the SPA and all such other agreements, deeds, arrangements, undertakings, indemnities, transfers, extensions, assignments, confirmations, declarations and/ or guarantees to or with any party or parties, and to do all acts, deeds and things as they may consider necessary or expedient or in the best interest of the Company with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Acquisition."

By Order of the Board

LENA ABD LATIF
(SSM Practicing Certificate No. 201908002386)
(LS 0008766)

Group Company Secretary

Kuala Lumpur
31 July 2026

Note:

1. The EGM will be held in a physical mode whereby member(s), proxy(ies), corporate representative(s) or attorney(s) to attend physically in person at the meeting venue.

2. Section 334 of the Companies Act 2016 provides that a member of a company shall be entitled to appoint another person or persons as his/her proxy or proxies to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the company. A proxy may, but need not, be a member of the Company. A member may appoint any person to be his/her proxy without any restriction as to the qualification of such person.

3. For the purpose of determining a member who shall be entitled to participate in the EGM, the Company shall request Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 65(b) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a Record of Depositors as of 7 August 2026. Only a depositor whose name appears on the Record of Depositors as of 7 August 2026 shall be entitled to participate in the EGM or appoint proxy/proxies to attend, participate, speak and/or vote on his/her behalf.

4. Save as set out in Note (6) below, a member of the Company entitled to attend and vote at this meeting is entitled to appoint two (2) proxies to attend and to vote instead of him at the same meeting. A proxy may but need not be a member of the Company.

5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy, and only one (1) proxy shall be entitled to vote.

6. Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 (Central Depositories Act) and authorised nominees defined under the Central Depositories Act which are exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act (Exempt Authorised Nominees) which hold ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote instead of him/her at the EGM and that such proxy need not be a member.

7. The instrument appointing a proxy(ies) shall be in writing under the hand of the member or his/her attorney duly authorised in writing or, if the member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or in the case of a sole director, by that director in the presence of a witness who attests the signature or of its attorney duly authorised in writing.

8. The Proxy Form duly completed must be deposited in the following manner, not later than Wednesday, 12 August 2026 at 10:00 a.m. being forty-eight (48) hours before the appointed time for holding the EGM:

   (i) <u>In hardcopy form</u>

   By hand or post to the office of the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd., at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

   (ii) <u>By electronic means</u>

   The Proxy Form may also be electronically lodged through the Boardroom Smart Investor Portal at <u>https://investor.boardroomlimited.com</u>.

9. If the Proxy Form is submitted without any instruction as to how the proxy shall vote, the proxy will vote in his/her discretion. Any alteration to the Proxy Form must be initialled. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.

10. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in the Notice is to be voted on a poll.

11. Please ensure all the particulars as required in the Proxy Form are completed, signed and dated accordingly.

12. By submitting the duly executed Proxy Form, the member and his/her proxy(ies) consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the EGM and any adjournment thereof.

MNRB HOLDINGS BERHAD
(Registration No. 197201001795 (13487-A))
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.

No. of Shares Held

I/We ____
[Full Name in Block Letters and NRIC No./Passport No./Company No.]
of ____ and ____________________
[Address] [Tel No. / Email Address]

____ ____________________

being a member/member(s) of MNRB Holdings Berhad (the **"Company"**), hereby appoint:

Full Name (in Block Letters)	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address/ Email Address/ Contact No.			

and / or* (*delete as appropriate)

Full Name (in Block Letters)	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address/ Email Address/ Contact No.			

or failing *him/her, the CHAIRMAN OF THE MEETING as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held on Friday, 14 August 2026 at 10:00 a.m. at Stateroom 2, Ground Floor, M Resort & Hotel, Jalan Damansara, Bukit Kiara, 60000 Kuala Lumpur or at any adjournment thereof on the resolution referred to in the Notice of EGM.

Please indicate with an "X" in the appropriate space provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

Ordinary Resolution	**For**	**Against**
Proposed Acquisition		

Signed this ________ day of _________, 2026

No. of ordinary shares held:	
CDS account no. of authorised nominee:	
Proportion of shareholdings to be represented by proxies	First Proxy: _____________%
	Second Proxy: _____________%
Total	

____
Signature of Shareholder(s)/ Common Seal

* *Strike out whichever is not desired.*

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Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
MNRB HOLDINGS BERHAD
(Registration No. 197201001795 (13487-A))
C/O BOARDROOM SHARE REGISTRARS SDN. BHD.

11th Floor, Menara Symphony,
No.5, Jalan Professor Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia

1st fold here