Disclosure Statement at 31 December 2025

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

1 Company profile

(a) Authorized insurer's name

Heng An Standard Life (Asia) Limited

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

Heng An Standard Life (Asia) Limited is an authorized insurer in Hong Kong, focusing on long-term insurance business. Its core business is providing wealth management insurance solutions including investment-linked assurance scheme to its customers, with principal activities and operations based in Hong Kong. There were no material changes to its business profile during the financial year.

(c) Description of corporate structure

Heng An Standard Life (Asia) Limited ("HASL Asia") is incorporated and domiciled in Hong Kong. The Company is a wholly owned subsidiary of Heng An Standard Life Insurance Company Limited ("HASL"), which is incorporated in Mainland China.

HASL is a 50:50 Sino-foreign joint venture business between Aberdeen in the UK and Tianjin TEDA International in Mainland China. There were no material changes to the corporate structure during the financial year.

2 Corporate governance framework

Heng An Standard Life (Asia) Limited maintains a corporate governance framework based on Board oversight, supported by senior management in executing strategy, managing risks, and ensuring regulatory compliance. The framework is designed to promote sound and prudent management, supported by effective risk management and internal control systems.

The Board is supported by the Audit Committee and Risk Committee, which oversee financial reporting, internal controls and the Company's risk management system. Investment matters, as well as remuneration and nomination matters are handled directly by the Board through dedicated sub-meetings. Key control functions, including risk management, compliance and internal audit, support the governance framework. These committees operate under defined terms of reference and the key control functions maintain a direct reporting line to the Board to ensure effective governance and decision-making.

3 Financial position

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

(Unit: in HKD thousands)	As at 31 December 2025					As at 31 December 2024				
	Total	**Long term business**	**Of which belongs to: long term business – participating business**	**General business**	**Shareholders' fund (if applicable)**	**Total**	**Long term business**	**Of which belongs to: long term business – participating business**	**General business**	**Shareholders' fund (if applicable)**
Total assets	**9,212,334**	**9,063,536**	-	-	**148,798**	**7,678,802**	**7,468,136**	-	-	**210,666**
Cash and deposits	22,566	12,427	-	-	10,139	27,497	24,092	-	-	3,405
Debt securities	290,395	197,120	-	-	93,275	357,146	191,742	-	-	165,404
Equities (including portfolio investments)	142,637	97,253	-	-	45,384	66,850	26,913	-	-	39,937
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Properties	-	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-
Reverse repurchase agreement	-	-	-	-	-	-	-	-	-	-
Other financial assets	39,415	39,415	-	-	-	30,323	28,403	-	-	1,920
Policyholder's account assets in respect of unit linked products or retirement scheme	8,680,081	8,680,081	-	-	-	7,152,309	7,152,309	-	-	-
Reinsurance assets	130	130	-	-	-	71	71	-	-	-
Tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	37,110	37,110	-	-	-	44,606	44,606	-	-	-
Total liabilities	**8,318,579**	**8,318,579**	-	-	-	**6,826,079**	**6,826,079**	-	-	-
Insurance liabilities	8,089,466	8,089,466	-	-	-	6,672,440	6,672,440	-	-	-
Reinsurance liabilities	16,776	16,776	-	-	-	17,000	17,000	-	-	-
Repurchase agreement	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	101,378	101,378	-	-	-	62,314	62,314	-	-	-
Tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	110,959	110,959	-	-	-	74,325	74,325	-	-	-
Net assets	**893,755**	**744,957**	-	-	**148,798**	**852,723**	**642,057**	-	-	**210,666**

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

(a) Total assets increased by HK$1,534 million, representing a year-on-year growth of 20%. The increase was primarily driven by the appreciation of the assets underlying unit-linked products and further supported by steady contributions from new policies issued throughout the year.

(i) Debt securities decreased by HK$67 million (-19%), while equity securities (including portfolio investments) increased by HK$76 million (+113%). These changes are mainly because the company held more money market funds under portfolio investments, with the objective to balance investment risks and returns.

(ii) The policyholder account assets for unit-linked products increased by HK$1,528 million, representing year-on-year growth of 21%. This increase was primarily driven by a higher volume of new policies issued, increased subscription contributions to unit-linked products, and capital appreciation of the underlying investment assets.

(iii) Other assets primarily comprise property, plant and equipment, intangible assets, as well as right-of-use assets. These assets decreased by HK$7.5 million, representing a year-on-year decline of 17%, mainly due to normal depreciation and amortization.

(b) Total liabilities increased by HK$1,493 million, representing year-on-year growth of 22%. The increase was primarily attributable to higher insurance liabilities.

(i) Insurance liabilities increased by HK$1,417 million, representing a year-on-year growth of 21%, broadly in line with the growth in the policyholder account assets for unit-linked products. The increase mainly reflects the strong performance of the Company's core unit-linked insurance business, supported by continued growth in new policy issuance and higher subscription contributions to unit-linked funds, resulting in a corresponding increase in amounts due to policyholders.

(ii) Other financial liabilities primarily comprise payables arising from insurance operations. These liabilities increased by HK$39 million, representing a year-on-year growth of 63%, mainly due to higher investment choice subscription payables outstanding at the end of FY2025, which were HK$30 million higher than those at the end of FY2024.

4 Investments

(a) Assumptions and methods used for valuation of investments

The Company's investment portfolio comprises listed debt securities, listed equity securities and unlisted mutual funds.

All investments are measured at fair value on a market-consistent basis in accordance with applicable accounting standards. Where available, quoted prices in active markets are prioritized, with observable market inputs used preferentially over unobservable inputs.

Listed debt securities and listed equity securities are valued at quoted market prices at the reporting date.

Unlisted mutual funds are valued at the net asset value (NAV) reported by the respective fund managers at the reporting date, which is considered a reasonable representation of fair value. In the event of market illiquidity, an appropriate discount for lack of marketability ("DLOM") is applied.

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

NA

5 Insurance liabilities

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

Insurance Liabilities of Long Term Business

(Unit: in HKD thousands)	As at 31 December 2025						
	HK insurers or designated insurers: all long term business					Applicable to Hong Kong branches of non-HK insurers: reinsurance business with offshore risk if fund of reinsurance business with offshore risk is established	Total long term business
	Participating business	Linked long term (Class C)	Retirement scheme category I (Class G)	Retirement scheme category II (Class H)	Other long term business		
Total insurance liabilities (gross of reinsurance)	**-**	**8,019,181**	**-**	**-**	**70,285**	**-**	**8,089,466**
Of which: long term insurance liabilities	-	8,019,181	-	-	70,285	-	8,089,466
Outstanding claims	-	4,559	-	-	468	-	5,027
Current estimate[1]	-	7,965,406	-	-	65,569	-	8,030,975
Margin over current estimate	-	49,216	-	-	4,248	-	53,464
Prepaid premiums	-	-	-	-	-	-	-
Other long term insurance liabilities	-	-	-	-	-	-	-
Of which: general insurance liabilities	-	-	-	-	-	-	-
Reinsurance assets	**-**	**120**	**-**	**-**	**10**	**-**	**130**
Reinsurance liabilities	**-**	**6,019**	**-**	**-**	**10,757**	**-**	**16,776**

[1] Excludes outstanding claims, prepaid premiums and other long term insurance liabilities which are disclosed separately.

Insurance Liabilities of Long Term Business

(Unit: in HKD thousands)	As at 31 December 2024						
	HK insurers or designated insurers: all long term					Applicable to Hong Kong branches of non-HK insurers: reinsurance business with offshore risk if fund of reinsurance business with offshore risk is established	Total long term business
	Participating business	**Linked long term (Class C)**	**Retirement scheme category I (Class G)**	**Retirement scheme category II (Class H)**	**Other long term business**		
Total insurance liabilities (gross of reinsurance)	**-**	**6,608,908**	**-**	**-**	**63,532**	**-**	**6,672,440**
Of which: long term insurance liabilities	-	6,608,908	-	-	63,532	-	6,672,440
Outstanding claims	-	3,376	-	-	468	-	3,844
Current estimate[1]	-	6,556,106	-	-	58,965	-	6,615,071
Margin over current estimate	-	49,426	-	-	4,099	-	53,525
Prepaid premiums	-	-	-	-	-	-	-
Other long term insurance liabilities	-	-	-	-	-	-	-
Of which: general insurance liabilities	-	-	-	-	-	-	-
Reinsurance assets	**-**	**65**	**-**	**-**	**6**	**-**	**71**
Reinsurance liabilities	**-**	**6,255**	**-**	**-**	**10,745**	**-**	**17,000**

[1] Excludes outstanding claims, prepaid premiums and other long term insurance liabilities which are disclosed separately.

Insurance Liabilities of General Business

(Unit: in HKD thousands)	As at 31 December 2025									
	Direct insurance							Reinsurance		Total general business
	Accident and health	Motor vehicle	Marine, aviation, and transport	Property damage	Employees' compensation	General liability	Pecuniary loss	Proportional	Non-proportional	
Total general insurance liabilities (gross of reinsurance)	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Outstanding claims liabilities	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Premium liabilities	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Margin over current estimate for outstanding claims liabilities	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Margin over current estimate for premium liabilities	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

Insurance Liabilities of General Business

(Unit: in HKD thousands)	As at 31 December 2024									
	Direct insurance							Reinsurance		Total general business
	Accident and health	Motor vehicle	Marine, aviation, and transport	Property damage	Employees' compensation	General liability	Pecuniary loss	Proportional	Non-proportional	
Total general insurance liabilities (gross of reinsurance)	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Outstanding claims liabilities	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Premium liabilities	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Margin over current estimate for outstanding claims liabilities	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Margin over current estimate for premium liabilities	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

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

Process for Determining Assumptions
The Appointed Actuary sets assumptions for future mortality, morbidity, lapses, administrative expenses, and discount rates to project future cash flows based on market information, actual experience and other relevant information. These assumptions are reviewed regularly, which may affect financial results in subsequent financial periods.

Mortality and Morbidity Rates
The Company bases its mortality and morbidity assumptions on standard industry tables, adjusted for its own historical experience where appropriate. The main source of uncertainty stems from potential epidemics (such as AIDS, SARS, or avian flu) and significant lifestyle changes (e.g., diet, smoking, and exercise habits), which could lead to materially higher-than-expected mortality and morbidity rates.

Lapse Rates
Lapse rate assumptions are derived from the Company's own policy administration data, taking into account current conditions, future expectations, and other relevant information. Historical lapse rates are analysed against previous assumptions, with statistical methods applied to determine probability-weighted expected lapse rates for each major product line. These assumptions directly impact the valuation of future premiums, expenses, and claims.

Discount Rate
The discount rate is calculated as the risk-free yield (prescribed by the Hong Kong Insurance Authority) plus a matching adjustment to reflect differences in characteristics between the assets and the insurance liabilities of different product groups.

Unit Fund Growth Rate
The unit fund growth rates for investment-linked contracts are assumed to be the same as the risk-free yield curves prescribed by the Hong Kong Insurance Authority.

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

In response to the implementation of the GL36 Guideline on Valuation and Capital Requirements, which became effective on 1 July 2025, the unit fund growth rate assumption has been revised.

The new assumption is based solely on the risk-free yield curves prescribed by the Hong Kong Insurance Authority (HKIA). This represents a change from the previous approach, which used the HKIA risk-free yield curves plus the USD Volatility Adjustment (VA) published by European Insurance and Occupational Pensions Authority (EIOPA).

6 Financial performance

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

Performance Analysis on Premiums and Claims

(Unit: in HKD thousands)	For the financial year ended 31 December 2025				For the financial year ended 31 December 2024			
	Total	Long term business	Of which belongs to: long term business – participating business	General business	Total	Long term business	Of which belongs to: long term business – participating business	General business
Gross premiums[2]	**1,028,003**	**1,028,003**	-	-	**827,101**	**827,101**	-	-
Regular premiums	262,499	262,499	-	-	306,949	306,949	-	-
Single premiums	765,504	765,504	-	-	520,152	520,152	-	-
Net premiums	**1,020,381**	**1,020,381**	-	-	**818,925**	**818,925**	-	-
Regular premiums	254,877	254,877	-	-	298,773	298,773	-	-
Single premiums	765,504	765,504	-	-	520,152	520,152	-	-
Gross claims paid	**766,474**	**766,474**	-	-	**851,639**	**851,639**	-	-
Net claims paid	**760,487**	**760,487**	-	-	**849,274**	**849,274**	-	-

Performance Analysis on Investment Returns

(Unit: in HKD thousands)	For the financial year ended 31 December 2025					For the financial year ended 31 December 2024				
	Total	Long term business	Of which belongs to: long term business – participating business	General business	Shareholders' fund (if applicable)	Total	Long term business	Of which belongs to: long term business – participating business	General business	Shareholders' fund (if applicable)
Investment returns	**28,485**	**15,808**	-	-	**12,677**	**15,298**	**12,710**	-	-	**2,588**

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

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

Performance Analysis on Premiums and Claims

(i) Regular premiums decreased by HK$44 million, representing a year-on-year decline of 14%, primarily due to a lower volume of regular premium policies underwritten during the year.
(ii) Single premiums increased by HK$245 million, representing a year-on-year growth of 47%, primarily driven by the increased sales of policies under Class C (Linked Long-Term Business).
(iii) Gross claims and net claims decreased by HK$85 million and HK$88 million respectively, representing year-on-year declines of 10%. The decrease was mainly attributable to lower surrender claims during the year.

Performance Analysis on Investment Returns

Overall investment return increased by HK$13 million, representing a year-on-year growth of 86%, primarily driven by the recovery in capital markets during FY2025.

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

Underwriting Results of General Business

(Unit: in HKD thousands)	For the financial year ended 31 December 2025									
	Direct insurance							Reinsurance		Total general business
	Accident and health	**Motor vehicle**	**Marine, aviation, and transport**	**Property damage**	**Employees' compensation**	**General liability**	**Pecuniary loss**	**Proportional**	**Non-proportional**	
Gross premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net undiscounted best estimate combined business results, relating to current year	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net undiscounted best estimate combined business results, relating to prior year	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Undiscounted underwriting results - profit / (loss)	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

(Unit: in HKD thousands)	For the financial year ended 31 December 2024									
	Direct insurance							Reinsurance		Total general business
	Accident and health	**Motor vehicle**	**Marine, aviation, and transport**	**Property damage**	**Employees' compensation**	**General liability**	**Pecuniary loss**	**Proportional**	**Non-proportional**	
Gross premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net undiscounted best estimate combined business results, relating to current year	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net undiscounted best estimate combined business results, relating to prior year	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Undiscounted underwriting results - profit / (loss)	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

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

NA

7 Capital adequacy

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

Prescribed Capital Amount

(Unit: in HKD thousands)	As at 31 December 2025	As at 31 December 2024
Market risk (diversified RCA)	**338,199**	**257,311**
Interest rate risk RCA	2,501	4,208
Credit spread risk RCA	30,807	30,754
Equity risk RCA	311,698	230,988
Property risk RCA	-	-
Currency risk RCA	10,201	8,711
Diversification benefits within market risk	-17,008	-17,350
Life Insurance Risk (diversified RCA)	**221,000**	**210,435**
Mortality risk RCA	6,481	6,350
Longevity risk RCA	-	-
Life catastrophe risk RCA	3,732	3,662
Morbidity risk RCA	12,571	12,045
Expense risk RCA	73,546	76,933
Lapse risk RCA	170,293	156,405
Diversification benefits within life insurance risk	-45,623	-44,960
General Insurance Risk (diversified RCA)	-	-
Reserve and premium risk RCA	-	-
Natural catastrophe risk RCA	-	-
Man-made non-systemic catastrophe risk RCA	-	-
Man-made systemic catastrophe risk RCA	-	-
Mortgage insurance risk RCA	-	-
Diversification benefits within general insurance risk	-	-
Counterparty default and other risk RCA	**6,714**	**3,455**
Diversification benefits among risk modules	-115,899	-99,199
Operational risk RCA	**28,407**	**26,530**
Adjustment for loss absorbing capacity cap	-	-
Adjustment for tax effect	-	-
Any other items which the IA may specify to adjust	-	-
Prescribed capital amount	**478,422**	**398,532**

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

Capital Base

(Unit: in HKD thousands)	As at 31 December 2025	As at 31 December 2024
Unlimited Tier 1 capital	893,752	852,704
Limited Tier 1 capital	-	-
Tier 2 capital	-	-
Capital base	**893,752**	**852,704**

(c) Ratio of capital base to prescribed capital amount

	As at 31 December 2025	As at 31 December 2024
Ratio of capital base to prescribed capital amount	**186.81%**	**213.96%**

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

The increase in the value of assets was primarily driven by higher market values of the assets underlying the linked long-term business. Similarly, the increase in liabilities was mainly attributable to the corresponding rise in linked long-term liabilities, reflecting movements in the value of the underlying assets.

The increase in net assets was mainly due to a reduction in best estimate liabilities, arising from higher assets under management (AUM), which in turn led to an increase in the present value of future fee income.

There was a decrease in the ratio of Eligible Capital to Prescribed Capital Amount (PCA). This was primarily driven by higher equity risk and lapse risk, resulting from an increase in AUM and a higher counter-cyclical adjustment (applicable to the equity risk stress factors).

8 Risk Management

(a) Risk appetite and risk governance framework

Risk Governance

HASL Asia Board has overall responsibility for establishing and overseeing an effective Enterprise Risk Management Framework. Risk Committee, a subcommittee of the Board, is established to advise the Board on the Company's risk appetite, ensure sufficient and suitable resources are in place for risk management, review the resilience of the risk management process and escalate important risk management matters to the Board when necessary.

The Company follows the Three Line of Defence model, a principle-based approach for risk management and internal control which can facilitate clear segregation of duties and responsibilities. The First Line of Defence is represented by the business management who own the risks that are intrinsic to the business and have primary responsibility to identify, manage, monitor and report these risks. The Second Line of Defence includes the risk management function and other oversight function who are responsible for providing independent oversight of our company-wide risk management programs. The Third Line of Defence includes Internal Audit which is an independent function to provide assurance to the Audit Committee of the Board as to whether all significant risks are identified, appropriately reported and effectively controlled.

Risk Appetite

HASL Asia Board provides guidance on its risk preferences through Risk Principles. The Risk Principles are based on the belief that we will accept and manage risks which are aligned with our strategy and business objectives, and that create value for our stakeholders. They form the basis for formulating our Risk Appetite Statements. The Risk Principles include strategic alignment, capability alignment, interests of stakeholders (including our clients, regulators, shareholders, employees, business partners and other capital market participants).

Risks that the Company will accept and manage

In providing products and services to our clients, the Company will take on risks which are aligned with our business strategies and that create value for stakeholders. The Company is generally comfortable accepting diversifiable risks where it is capable of using risk pooling to create liability portfolio with relatively low volatility. It operates where credible data is generally available to price and manage its asset and liability portfolio through economic cycles without being highly pro-cyclical. Risk is taken where the Company has internal expertise such as actuarial, underwriting, claims management, product design, investment, risk management and distribution or where external partners such as reinsurers are able to supplement our internal expertise.

Risks that the Company will avoid or minimize

The Company will avoid or minimize those risks that are not associated with activities aligned with its business strategies and mission. A nominal allocation of risk appetite is available for risks that the Company would otherwise avoid in order to explore potential business opportunities or new product strategies or to strengthen a valued business franchise. The Company generally avoids risks where

- It does not have the expertise to understand and operate these risks
- It is forced to take a position on the short-term future direction of financial markets
- Lack of sufficient and credible data poses a major barrier in following its regular pricing and risk management practices
- Lack of reinsurance capacity and hedging alternative

(b) Insurance risk management

The Company primarily issues investment-linked insurance contracts, with limited exposure in critical illness and term life insurance business.

Key Risk Exposures

- Mortality and Morbidity Risk: Higher-than-expected policyholder death rates and/or worse-than-expected policyholder health and disability experience. The Company maintains robust, market-oriented underwriting and claims guidelines and practices, developed using its extensive historical experience and the expertise of professional reinsurers.
- Lapse/Persistency Risk: Deviations in expected policy cancellations or surrenders. Providing products that sustainably fulfil customers' needs lies at the core of the Company's operating philosophy. The Company achieves this through the rigorous implementation of the business quality framework, continuous monitoring of sales activities and policy persistency, and ensuring that qualified representatives sell suitable products.
- Expense Risk: Higher-than-expected administrative expenses associated with servicing contracts. The Company maintains a disciplined budgeting and cost control process, supported by its substantial operational experience in the markets it serves.

External events such as epidemics, lifestyle shifts, and natural disasters may increase claim frequencies.

Risk Mitigation and Management

The Company's risk management objectives and processes remain unchanged from the previous period. Key strategies include:

- Pricing Discipline: Writing business only using approved rates based on historical expense, lapse, mortality, and morbidity data.
- Portfolio Diversification: Spreading risks across diverse contract portfolios.
- Reserving and Solvency: Maintaining a prudent margin when calculating liabilities and regularly monitoring the corporate solvency margin.
- Reinsurance: Using proportional (primarily quota-share) reinsurance to limit overall risk exposure. While the Company remains directly liable to policyholders, it mitigates reinsurer default risk by diversifying its reinsurance partners.

(c) Investment risk management

As an insurance company specializing in offering wealth solutions to its clients, the Company has preference to assume certain investment-related risks in pursuit of its strategic objectives and to create value for stakeholders, including policyholders and shareholders. The Company generally classifies investment-related risks into market risk, credit risk and liquidity risk.

Key Risk Exposures

- Market Risk: For market risk, particularly for ILAS business, where the risk and return are largely borne by policyholders, the Company assumes certain associated risks while retaining an appropriate profit margin. However, we must ensure clear and transparent disclosure of such risks to clients in order to mitigate operational risks, including mis-selling and litigation. For investment backing non-ILAS liabilities, overall risk exposure is subject to various limits (e.g. Strategic Asset Allocation, sector and geographical limit etc.) to ensure that the Company's risk profile remains within a level comfortable for all stakeholders.
- Credit Risk: The Company avoids credit events arising from reinsurer or other counterparties, therefore manage the risk prudently by setting minimum requirement of credit rating, over-concentration, and on-going monitoring. On the other hand, for business in which we are generating earning through credit spreads, we understand taking credit risk would help to optimize the risk-return. Under those circumstances, the risk exposure is bounded by different limits in accordance with the Company's risk appetite.
- Liquidity Risk: The Company avoids being involved in any liquidity crisis therefore its liquidity risk metrics are monitored regularly to ensure sufficient financial resources are available to meet its obligations and maintain stakeholders' confidence. The Company also recognizes maintaining excessive liquidity may adversely affect investment returns. Accordingly, where appropriate and within its risk appetite, the Company may accept a lower level of liquidity in exchange for enhanced investment returns or guarantees, for the benefit of its policyholders and other stakeholders.

Risk Mitigation and Management

The company has established a series of robust risk controls, including pre-investment due diligence and access approval, monitoring of investment allocation limits, concentration, credit rating changes, duration gaps, and investment returns during investment and post-investment, and regularly assessing the impact of extreme market environment on the company through scenario analysis and stress testing.

The Company may transfer its market risk and credit risk through reinsurance arrangements, derivative hedging.
The Company continuously optimizes its asset allocation and broadens its investment to benefit its policyholders and shareholders. Key-related risks include credit risk, liquidity risk and market risk. Existing protocol is generally sufficient to manage the risks although the company is fully aware to add any new measures for risk management on need basis.

(d) Other risk management (if any)

NA

9 Statement of Compliance

(i) I am satisfied with the completeness, accuracy and consistency of the information disclosed in this disclosure statement in respect of Heng An Standard Life (Asia) Limited;

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

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

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

Name:	YANG Zihao
Position:	Chief Executive
Company Name:	Heng An Standard Life (Asia) Limited