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

YF Life Insurance International Limited

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

The Company is a Hong Kong-incorporated insurer, duly authorized and regulated by the Hong Kong Insurance Authority to conduct long-term insurance business. The Company maintains its principal place of business in Hong Kong and delivers a comprehensive range of insurance solutions to meet the protection and wealth management needs of its customers.

(c) Description of corporate structure

The Company is part of a broader financial services group, with Yunfeng Financial Group Limited, a company listed in Hong Kong, as its major shareholder. The Company is held through a combination of group holding entities, including Yunfeng Financial International Holdings Limited, and a number of investment entities with direct shareholdings. Together, these shareholders form a structured ownership framework through which the group maintains effective oversight and governance of its insurance operations.

2 Corporate governance framework

The Company maintains a robust corporate governance framework. The Board of Directors has ultimate responsibility for overseeing the Company's strategy, governance and risk management.

The Board is supported by established board-level committees, including the Audit, Risk and Investment Committees, which provide independent oversight across key areas. Day-to-day management is delegated to the Executive Committee and management-level committees, ensuring the effective implementation of business strategies and risk management practices.

The Company adopts a "three lines of defense" model, comprising business functions, risk management and compliance functions, and internal audit, to ensure strong internal controls and effective risk oversight.

This governance framework promotes clear accountability, effective oversight and prudent risk management, supporting the Company's commitment to safeguarding policyholder interests and meeting applicable regulatory and risk-based capital requirements.

3 Financial position

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

(Unit: in HKD thousands)	As at 31 December 2025		
	Total*	Long term business	Of which belongs to: long term business – participating business
Total assets	**105,258,675**	**93,460,733**	**26,338,099**
Cash and deposits	**4,459,103**	3,512,899	358,432
Debt securities	**68,683,162**	59,757,708	17,038,950
Equities (including portfolio investments)	**12,206,276**	11,010,029	8,109,910
Derivative financial instruments	**148,709**	144,452	6,314
Properties	**-**	-	-
Loans and advances	**3,180,021**	1,707,345	184,992
Reverse repurchase agreement	**-**	-	-
Other financial assets	**341,816**	323,456	-
Policyholder's account assets in respect of unit linked products or retirement scheme	**6,361,751**	6,361,751	-
Reinsurance assets	**8,344,538**	8,344,538	112,567
Tax assets	**123,701**	123,701	-
Other assets	**1,409,598**	2,174,854	526,934
Total liabilities	**84,047,359**	**84,893,654**	**20,529,803**
Insurance liabilities	**79,201,133**	79,201,133	19,759,522
Reinsurance liabilities	**1,527,012**	1,527,012	714,385
Repurchase agreement	**-**	-	-
Derivative financial instruments	**443,355**	443,351	3,013
Other financial liabilities	**664,599**	645,844	-
Tax liabilities	**302,011**	302,003	-
Other liabilities	**1,909,249**	2,774,311	52,883
Net assets	**21,211,316**	**8,567,079**	**5,808,296**

** "Total" column includes balances from "long-term business", "non-insurance operations" and "shareholders' fund".*

4 Investments

Assumptions and methods used for valuation of investments

For invested assets, the Company adopts three-level fair value hierarchy approach as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is determined with reference to the observability and significance of the inputs used in the valuation technique as follows: -Level 1: fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date -Level 2: fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available -Level 3: fair value measured using significant unobservable inputs Regarding the valuation techniques and inputs used in Level 2 and Level 3 fair value measurements, the Company determines the estimated fair value of its investments using primarily the market approach or the income approach. The use of quoted prices for identical assets and matrix pricing or other similar techniques are examples of market approaches, while the use of discounted cash flow methodologies is an example of the income approach.

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)	**19,759,522**	**4,813,499**	**305,382**	**-**	**54,322,730**	**-**	**79,201,133**
Of which: long term insurance liabilities	19,759,522	4,813,648	305,382	-	54,268,454	-	79,147,006
Outstanding claims	27,269	4,776	-	-	395,185	-	427,230
Current estimate[1]	19,230,806	4,770,960	303,178	-	46,404,211	-	70,709,155
Margin over current estimate	501,447	37,912	2,204	-	1,001,111	-	1,542,674
Prepaid premiums	-	-	-	-	6,467,947	-	6,467,947
Other long term insurance liabilities	-	-	-	-	-	-	-
Of which: general insurance liabilities	-	(149)	-	-	54,276	-	54,127
Reinsurance assets	**112,567**	**39**	**-**	**-**	**8,231,932**	**-**	**8,344,538**
Reinsurance liabilities	**714,385**	**17,484**	**-**	**-**	**795,143**	**-**	**1,527,012**

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

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

A best-estimate approach is adopted for setting the assumptions used to calculate insurance liabilities. The assumptions are based on the actual experience of the Company, as well as industry experience. The key basis and assumptions used in the calculations are summarized below.

Discount Rate
Discount rates are determined as the prescribed risk-free rates plus applicable matching adjustments as determined in accordance with Rule 23 and Rule 24 of the Insurance (Valuation and Capital) Rules (Cap. 41 sub. leg. R).

Mortality
Mortality assumptions are based on both emerging experience and industry experience, reflecting the expectation of how the experience will emerge. The assumed mortality rates are expressed as a percentage of published mortality tables or reinsurance rates, adjusted where appropriate to reflect increased mortality at older ages. There are also adjustment factors for non-smokers and smokers where appropriate.

Morbidity
Morbidity assumptions are based on the actual experience of the Company or reinsurer's risk premium rates.

Lapse
Lapse assumptions are based on the actual experience of the Company. Where historical experience is not considered sufficiently credible, reference is made to pricing assumptions. The lapse assumptions vary by products and policy duration.

Expenses
Expenses have been projected based on unit expense assumptions. Any excess of the internally forecast expenses over those projected using the unit expense assumptions has been included in the insurance liabilities.

Inflation Rate
Future inflation rate assumption is based on expectations of long-term consumer price and salary inflation.

Taxation
A tax rate of 0.825% of net premium income for Hong Kong business.

6 Financial performance

Financial performance in total and at 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		
	Total	Long term business	Of which belongs to: long term business – participating business
Gross premium[2]	**16,528,368**	**16,528,368**	**10,038,841**
Regular premiums	16,150,066	16,150,066	10,028,653
Single premiums	378,302	378,302	10,188
Net premiums	**13,706,643**	**13,706,643**	**9,893,816**
Regular premiums	13,328,341	13,328,341	9,883,628
Single premiums	378,302	378,302	10,188
Gross claims paid	**7,137,220**	**7,137,220**	**312,744**
Net claims paid	**4,599,576**	**4,599,576**	**218,129**

Performance Analysis on Investment Returns

(Unit: in HKD thousands)	For the financial year ended 31 December 2025		
	Total*	Long term business	Of which belongs to: long term business – participating business
Investment returns	**7,559,818**	6,549,096	2,482,116

**"Total" column includes investment returns from "long-term business", "non-insurance operations" and "shareholders' fund".*

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

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
Market risk (diversified RCA)	**4,692,896**
Interest rate risk RCA	2,234,446
Credit spread risk RCA	2,613,309
Equity risk RCA	1,620,358
Property risk RCA	-
Currency risk RCA	342,210
Diversification benefits within market risk	(2,117,427)
Life Insurance Risk (diversified RCA)	**6,488,702**
Mortality risk RCA	527,292
Longevity risk RCA	17,209
Life catastrophe risk RCA	106,098
Morbidity risk RCA	1,299,501
Expense risk RCA	1,212,585
Lapse risk RCA	5,417,246
Diversification benefits within life insurance risk	(2,091,229)
General Insurance Risk (diversified RCA)	**47,326**
Reserve and premium risk RCA	47,326
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	**284,905**
Diversification benefits among risk modules	(2,505,723)
Operational risk RCA	**734,844**
Adjustment for loss absorbing capacity cap	-
Adjustment for tax effect	-
Any other items which the IA may specify to adjust	-
Prescribed capital amount	**9,742,950**

(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
Unlimited Tier 1 capital	21,138,316
Limited Tier 1 capital	-
Tier 2 capital	-
Capital base	**21,138,316**

(c) Ratio of capital base to prescribed capital amount

	As at 31 December 2025
Ratio of capital base to prescribed capital amount	**217%**

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

The Company operates in a business environment that is exposed to various risks, including but not limited to market risk, insurance risk, counterparty default risk and operational risk. The risk capital amount ("RCA") for each sub-risk is determined based on the stress levels prescribed in the Insurance (Valuation and Capital) Rules (Cap. 41 sub. leg. R), which have been calibrated by the Insurance Authority to withstand a 1-in-200 adverse event over a one-year time horizon. The prescribed capital amount ("PCA") represents the aggregated capital requirement covering all RCAs, taking into account diversification benefits across risks. The ratio of the capital base to the PCA represents the Company's solvency position.

The key risk components of the PCA include lapse risk, credit risk, interest rate risk and equity risk.

8 Risk Management

(a) Risk appetite and risk governance framework

The Company maintains a comprehensive risk management framework to ensure material risks are managed in line with its risk management objectives. Risk appetite is defined through quantitative thresholds for solvency and liquidity, reflecting the Company's tolerance for financial risks (including insurance and market risks), as well as qualitative and quantitative measures for key non-financial risks such as operational, cyber, legal and compliance risks. These metrics are subject to regular monitoring and reporting. No material changes to the overall risk appetite framework were made during the financial year, apart from enhancements to risk monitoring and reporting where appropriate.

Asset and liability management is conducted by line of business or by product portfolios with the aggregate level taken into consideration if relevant, to support effective asset–liability matching, cash flow adequacy, and overall financial soundness.

The Company adopts a three-lines-of-defense governance structure. Business units are responsible for day-to-day risk management as the first line. The Risk Management, Legal and Compliance functions, together with the Board Risk Committee, form the second line, providing independent oversight and monitoring of all material risks. Internal Audit serves as the third line, with the Audit Committee providing independent assurance to the Board on the effectiveness of the overall framework.

Insurance risk management

The Company manages material insurance risks at both aggregate and product portfolio levels, based on assumptions such as mortality, morbidity, longevity, persistency and expenses. Actual experience is regularly monitored against these assumptions, with analysis by product portfolio and distribution channel where relevant to identify trends and risk concentrations.

Risk controls include prudent underwriting, periodic experience reviews, product repricing where necessary, and reinsurance to mitigate underwriting risk.

Insurance risk is governed under the Company's overall risk management framework, with business units responsible for day-to-day management and independent oversight provided by the Risk Management function and the Board Risk Committee.

(c) Investment risk management

The Company's investment objective is to optimize policyholder's return over the long term with an acceptable level of risk. Assets are invested in a broad range of investment instruments, which may include global equities, bonds and other fixed-income instruments, properties, commodities and other alternative investment assets. Investments are diversified across different geographical areas and industries. Derivatives may be employed for risk management purposes to mitigate market risks, including but not limited to interest rate and currency risk. Investment strategies are determined by line of business or by product portfolios with the aggregate level taken into consideration if relevant, to facilitate asset–liability management.

Investment risk is managed within the Company's overall risk appetite framework, defined primarily through solvency and liquidity thresholds and implemented through limits and guidelines set out in the Investment Policy Statement, including but not limited to asset allocation and concentration limits. Stress and scenario testing, including those under the Own Risk and Solvency Assessment framework, is conducted regularly.

All new investments asset classes are subject to internal risk assessment and approval. The Investment Committee oversees strategy, performance and risk exposures, with independent oversight provided by the Risk Management function and reporting to the Board Risk Committee.

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 YF Life Insurance International 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 YF Life Insurance International 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 YF Life Insurance International 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:	**Stephen Zhang**
Position:	**Controller**
Company Name:	**YF Life Insurance International Limited**