For hearing before The Honourable Madam Justice Linda Chan on 13 February 2026 at 10:00 a.m.

BCGF: 2nd: 28.01.2026
HCMP 1449/2025

IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
MISCELLANEOUS PROCEEDINGS NO. 1449 OF 2025

IN THE MATTER OF THE CANADA LIFE ASSURANCE COMPANY

1st Petitioner

and

IN THE MATTER OF CANADA LIFE LIMITED

2nd Petitioner

and

IN THE MATTER OF MYPACE LIFE LIMITED

3rd Petitioner

and

IN THE MATTER OF AN APPLICATION UNDER SECTIONS 24 AND 25 OF THE INSURANCE ORDINANCE (CAP. 41)

SECOND AFFIRMATION OF BONNET, CLEMENT GERARD FRANCIS

I, Bonnet, Clement Gerard Francis, of Unit 3901-02, AIA Tower, 183 Electric Road, North Point, Hong Kong, a Fellow member of the French Institute of Actuaries and a Fellow member of the Actuarial Society of Hong Kong, do solemnly truly and sincerely affirm and say as follows:

1. I am the same Bonnet, Clement Gerard Francis who made the first affirmation dated 3 December 2025 ("**First Affirmation**") in these proceedings. I depose to the matters hereinafter stated from the knowledge and information available to me in my capacity as the independent actuary appointed by The Canada Life Assurance Company ("**CLA**"), Canada Life Limited ("**CLL**") and MyPace Life Limited ("**MPL**"), the Petitioners herein, in relation to the proposed transfer of the long term business carried on in or from Hong Kong by each of CLA via its Hong Kong branch ("**CLA-HK**") and CLL via its Hong Kong branch ("**CLL-HK**") to MPL ("**Proposed Transfer**") pursuant to section 24 of the Insurance Ordinance (Cap. 41). Unless otherwise stated, I shall use the abbreviations as defined in my First Affirmation.

2. I make this affirmation to provide an update on the matters set out in my First Affirmation, as well as other relevant developments in relation to the Proposed Transfer, and assess whether my opinions and conclusions in my First Affirmation, my Independent Actuary's Report, as well as my Supplementary Report, would be affected. I set out details of these updates and developments and my analysis below.

(A) Updated in-force policy counts of CLA-HK and CLL-HK

3. The table below presents a reconciliation of the updated in-force policy counts of CLA-HK and CLL-HK from 31 December 2024 to 31 December 2025. The number of in-force policies of CLA-HK and CLL-HK has decreased from 9,518 as of 27 November 2025, as reported in my First Affirmation, to 9,416 as of 31 December 2025.

	CLA-HK	CLL-HK	Total
Policy counts as of 31 December 2024 (1)	**9,932**	**204**	**10,136**
Less:			
Deaths from 1 January 2025 to 30 June 2025 (2)	62	2	64
Deaths from 1 July 2025 to 27 November 2025 (3)	44	-	44
Deaths from 28 November 2025 to 31 December 2025 (4)	10	1	11
Surrenders / Lapses from 1 January 2025 to 30 June 2025 (5)	138	11	149
Surrenders / Lapses from 1 July 2025 to 16 October 2025 (6)	103	7	110
Surrender applications received during the inspection period from 17 October 2025 to 13 November 2025 (7)	163	8	171
Surrenders / Lapses from 14 November 2025 to 27 November 2025 (8)	76	4	80
Surrenders / Lapses from 28 November 2025 to 31 December 2025 (9)	88	3	91
Policy counts as of 31 December 2025	**9,248**	**168**	**9,416**
Total surrenders / lapses as of 31 December 2025 [= (5)+(6)+(7)+(8)+(9)]	568	33	601

(B) Updated number of deaths in respect of CLA-HK's in-force portfolio

4. The table below sets out the historical actual number of deaths with respect to CLA-HK's in-force portfolio. Since the actual number of deaths in the second half of 2025 is only one higher than the estimate provided in my First Affirmation, I am satisfied that this update does not materially affect the conclusions set out in paragraphs 5 to 7 of my First Affirmation. In addition, I have been informed by the Appointed Actuary of MPL that he maintains his previous position of not implementing the change in mortality assumptions proposed by CLA for the assessment of the solvency

position as at 31 December 2025 on the basis of conservatism, and I am informed that MPL is committed to comprehensively revisiting and updating all assumptions in the first Hong Kong Risk Based Capital ("**HKRBC**") reporting following the Proposed Transfer.

	CLA-HK	
Number of deaths	**Actual**	**First Affirmation**
First half of 2024	48	48
Second half of 2024	44	44
First half of 2025	62	62
Second half of 2025	54	53 (*)

Note (*): This figure presented in my First Affirmation is estimated on a pro-rata basis based on 44 deaths during the period from 1 July to 27 November 2025.

(C) Updated number of surrenders / lapses in respect of CLA-HK's in-force portfolio

5. Between 27 November 2025, the cut-off date for the policy count number reported in my First Affirmation, and 31 December 2025, there were 91 additional surrenders or lapses. Of these, 88 were attributable to the Transferring Policyholders (as defined in the Independent Actuary's Report) of CLA-HK, with the remaining 3 from the Transferring Policyholders of CLL-HK.

6. I have been informed by the Appointed Actuaries of both CLA-HK and MPL that they maintain their previous conclusions that the surrender applications received following the notification of the Proposed Transfer, which was sent to the Transferring Policyholders on 17 October 2025, are considered to be a short-term or one-off event, and I am informed that MPL will continue to monitor the number of lapses after the Proposed Transfer.

(D) Projection of MPL's solvency ratio under the HKRBC basis

7. In light of the changes in the number of in-force policies as set out in paragraphs 3 to 6 above, MPL's solvency ratio has been re-assessed as of 31 December 2025 based on the applicable HKRBC specified risk-free yield curve (the "**yield curve**") as of the same valuation date. The table below compares (i) the prescribed capital requirement; (ii) the available capital; and (iii) the HKRBC solvency ratio between the First Affirmation and this Affirmation (hereafter referred to as the "**Second Affirmation**").

(USD '000)	**Second Affirmation** (based on USD yield curve as of 31 December 2025 and policy count as of 31 December 2025)	**First Affirmation** (based on USD yield curve as of 30 September 2025 and policy count as of 27 November 2025)
Prescribed Capital Requirement (1)	$4,269	$4,391
Available Capital (2)	$7,897	$7,904
HKRBC Solvency Ratio [=(2)/(1)]	185%	180%

8. Overall MPL's solvency ratio has increased by 5%, mainly due to updates in the following areas:

   (a) **Update in in-force policy count (-1%):** The number of in-force policies reduced from 9,518 as of 27 November 2025, which was the figure used in the solvency assessment in my First Affirmation, to 9,416 as of 31 December 2025. The reduction in policy count results in a 1% decrease in MPL's solvency ratio. That is because, with fewer policies being transferred to MPL, the company will receive less administration fees and investment income to cover its direct expenses. As a result, available capital, which is the difference between assets and liabilities, is reduced, thereby negatively impacting the solvency ratio.

(b) **Update in yield curve (+6%):** On average, the USD yield curve as of 31 December 2025 was slightly higher than the USD yield curve as of 30 September 2025, which was used in the solvency assessment in my First Affirmation, across all time periods. The increase in MPL's solvency ratio by 6% is driven by two factors:

(i) An increase in available capital. When the yield curve increases, the reserves[1] that MPL must set aside decrease. The detailed rationale for this is provided in paragraph 11(a) of my First Affirmation. As a result, the reduction in reserves leads to an increase in available capital.[2]

(ii) A reduction in prescribed capital requirement, which is the amount of capital MPL is required to hold to cover its potential risks under the HKRBC framework. The prescribed capital requirement is determined based on the level of reserves and the risk exposures as prescribed under the HKRBC basis. Therefore, as the reserves decrease (as noted in paragraph 8(b)(i) above), MPL is required to hold less capital to meet the HKRBC capital requirements.

9. I refer to Table 6.4 on "MyPace Life's projected solvency ratios under the HKRBC basis" of my Independent Actuary's Report and paragraph 12 of my First

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[1] The reserve is calculated as the present value of MPL's future expenses, after accounting for future administration fees receivable and investment income, using the yield curve.

[2] For the avoidance of doubt, this increase in available capital has been offset by the negative impact resulting from the reduction in in-force policy count (as noted in paragraph 8(a) above), resulting in a net decrease in available capital as presented in paragraph 7 above.

Affirmation, and set out below an updated projection of the HKRBC solvency ratios of MPL over a five-year period ending 31 December 2030. The updated projection indicates an overall increase in solvency ratios of approximately 5% to 7% over the 5-year projection period as compared to the projections presented in paragraph 12 of my First Affirmation, attributable to the factors described in paragraph 8 above.

	31 December 2026	**31 December 2027**	**31 December 2028**	**31 December 2029**	**31 December 2030**
Second Affirmation	185.0%	191.8%	199.3%	205.3%	211.1%
First Affirmation	180.0%	186.6%	192.7%	199.9%	205.6%

10. The updated projected HKRBC solvency position of MPL demonstrates that, following the Proposed Transfer, the solvency ratio will continue to remain above the company's internal target capital ratio of 150%.

11. Based on the updated yield curve as of 31 December 2025, MPL's HKRBC solvency ratio is expected to remain above the minimum regulatory capital requirement of 100% and its internal target capital ratio of 150%, provided that the number of in-force policies does not fall below 5,300 and 7,900, respectively. These thresholds correspond to lapse rates of approximately 44% and 17% over the next 12 months.

(E) Risk exposures and management actions to be implemented by MPL

12. While the updated yield curve as of 31 December 2025 has resulted in an improved solvency position, I refer to paragraph 16 of my First Affirmation and set out below the updated stress scenarios in which MPL's solvency ratio might nonetheless fall under its internal target capital ratio of 150%, after taking into account the assumptions and development as set out in paragraph 7 above:

(a) The number of in-force policies falls below 7,900, as referenced in paragraph 11 above;

(b) MPL's direct expenses exceed 123% of the current expense assumption and are not fully offset by the annually increased administration fees and investment income; or

(c) The specified yield curve reduces by more than 48 basis points from the 31 December 2025 position.

13. As noted in paragraph 17 of my First Affirmation, MPL is considering various management actions following the first meeting of MPL's task force held on 1 December 2025, in accordance with its Enterprise Risk Management Policy. In particular, I have been informed by the Appointed Actuary of MPL that a new contract for the provision of third-party administration services to another offshore insurer, one of the planned management actions, was executed on 1 January 2026 and is expected to generate approximately USD 300,000 in net income for 2026. This net income, however, has not been taken into account in the assessment of MPL's current solvency position on the basis of conservatism.

(F) Other relevant developments

14. Other than the updates to the developments mentioned above, I have also considered the relevant developments up to 31 December 2025 which are brought to my attention by the Petitioners since the issuance of my First Affirmation and my Supplementary Report. Specifically:

(a) The substantive hearing of the petition for the Proposed Transfer did not complete on 9 December 2025 and is scheduled to continue on 13 February 2026. Accordingly, the effective date of the Proposed Transfer is expected to change from 1 January 2026 to a date to be confirmed in the first quarter of 2026.

(b) I have been informed by the Appointed Actuary of CLA-HK that the estimated maximum costs and expenses to be paid out from the CLA's shareholders' fund immediately following the Proposed Transfer have been updated from USD 14 million to USD 24 million since the finalisation of my Supplementary Report. These costs are relatively immaterial as compared to the CLA's balance sheet and are expected to reduce CLA's solvency ratio as of 30 September 2025 by only 0.1%, which is comparable to the impact assessed as of 30 June 2025 in paragraph 2.8.1 of my Supplementary Report.

(c) I refer to Table 3.6 on "CLA's solvency ratios under the Life Insurance Capital Adequacy Test ("**LICAT**") basis" and Table 3.7 on "CLL's solvency ratios under the UK Solvency II basis" of my Supplementary Report, and set out below the updated tables reflecting the latest available solvency positions of CLA and CLL as of 30 September 2025. It is noted that both entities continue to maintain stable and robust solvency positions.

CLA's Solvency Position under the LICAT Basis						
(USD million)	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2024**	**30 Jun 2025**	**30 Sep 2025**
Required Capital (1)	18,017	17,468	16,936	16,331	19,011	19,052
Capital Resources (2)	22,390	21,020	21,740	21,198	25,126	24,938
LICAT Solvency Ratio (3)=(2)/(1)	**124%**	**120%**	**128%**	**130%**	**132%**	**131%**

CLL's Solvency Position under the UK Solvency II Basis						
(GBP million)	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2024**	**30 Jun 2025**	**30 Sep 2025**
Required Capital (1)	2,341	1,764	2,204	2,124	1,976	1,936
Total Own Funds under UK Solvency II (2)	3,998	3,563	3,567	3,446	3,383	3,447
UK Solvency II Solvency Ratio (3)=(2)/(1)	**171%**	**202%**	**162%**	**162%**	**171%**	**178%**

(d) I understand that no further new complaints or objections have been received from the Transferring Policyholders since the substantive hearing of the petition for the Proposed Transfer on 9 December 2025 and up to 31 December 2025.

15. Based on the above, I remain satisfied that none of the updates or developments mentioned above materially affects my opinions and conclusions as set out in my First Affirmation, my Supplementary Report and my Independent Actuary's Report.

Affirmed by Bonnet, Clement Gerard Francis)
at STEPHENSON HARWOOD)
43/F, One Taikoo Place,)
979 King's Road,
Hong Kong Quarry Bay, Hong Kong)

C. Bonnet,

this 28th day of January 2026.

Before me,

CHU Ho Kan
Solicitor, Hong Kong SAR
STEPHENSON HARWOOD

Solicitor, Hong Kong SAR
This Affirmation is filed on behalf of the Joint Petitioners.

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DATED the 28th day of January 2026

FILED the 28th day of January 2026

Baker & McKenzie
14th Floor, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
Fax: 2845 0476
Tel: 2846 1888
Solicitors for the Joint Petitioners