

**Disclosure Statement at 31 December 2025 by
Gard Marine & Energy Limited
(registered non-Hong Kong company with Business Registration Number 39543231)
(the “Company”)**

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

On 19 September 2025, pursuant to section 130(1) of the Insurance Ordinance (Cap. 41), the Insurance Authority (“**IA**”) granted a relaxation of Rule 69(2) of the Insurance (Valuation and Capital) Rules (Cap. 41R) (the “**Rules**”) in its application to the Hong Kong branch of the Company (the “**Branch**”), such that in determining its risk capital amount for man-made non-systemic catastrophe risk, the Branch is not obliged to follow the calculation methods as prescribed in Rule 69(2)(a)(i) to (iv) and 69(2)(b). This approval is effective for the financial years ended 31 December 2024 to 31 December 2026. The effects of this relaxation have been duly reflected in this disclosure statement.

1 Company profile

(a) Authorized insurer’s name

Gard Marine & Energy Limited (Hong Kong Branch)

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

<p>The Branch is a branch of the Company and is engaged in the underwriting and servicing of marine and energy insurance and reinsurance business.</p>
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<p>The Branch’s principal activities are underwriting marine and energy insurance and reinsurance business. The Branch operates from Hong Kong and serves customers in Hong Kong, Chinese Mainland, Taiwan and South Korea.</p>

<p>The Branch’s registered office is Unit 03B, 30/F, the Centrium, 60 Wyndham Street, Central, Hong Kong.</p>

<p>There were no material changes to the Branch’s business profile during the financial year.</p>

(c) Description of corporate structure

<p>The Company is a limited liability company registered and domiciled in Bermuda.</p>
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<p>The Company is a wholly owned subsidiary of Gard P. & I. (Bermuda) Ltd., a mutual insurance association that provides Protection & Indemnity (“P&I”) and related insurance products to its Members, comprising shipowners, operators and charterers with ships entered in the association. As a mutual insurance association, Gard P. & I. (Bermuda) Ltd. is owned by its Members and has no external capital owners.</p>
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<p>The Company, Gard P.&I. (Bermuda) Ltd. and the other companies within the wider Gard group of companies are collectively referred to in this disclosure</p>
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statement as the “**Gard Group**”.

There were no material changes to the corporate structure of the Branch during the financial year.

2 Corporate governance framework

The Branch operates as part of the Gard Group’s global insurance operations and is subject to the Group’s governance, risk management and internal control framework.

The Branch applies a three-lines-of-defence model, under which business functions are responsible for managing risks within their respective areas, independent Risk Management, Compliance and Actuarial functions provide oversight, monitoring and challenge, and Internal Audit provides independent assurance over the effectiveness of governance, risk management and internal controls.

Governance oversight is provided through the Board of Directors and its supporting committees, including the Risk Committee, Audit Committee and Risk & Capital Committee.

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
	General Business Total	General Business Total
Total assets	309,689	329,861
Cash and deposits	13,474	13,479
Debt securities	163,215	155,744
Equities (including portfolio investments)	936	16,524
Derivative financial instruments	-	-
Properties	-	-
Loans and advances	-	-
Reverse repurchase agreement	-	-
Other financial assets	76,622	80,937
Policyholder's account assets in respect of unit linked products or retirement scheme	-	-
Reinsurance assets	55,173	63,138
Tax assets	-	-
Other assets	269	39
Total liabilities	153,617	171,535
Insurance liabilities	121,308	137,614
Reinsurance liabilities	-	-
Repurchase agreement	-	-
Derivative financial instruments	-	-
Other financial liabilities	31,837	17,326
Tax liabilities	-	-
Other liabilities	472	16,595
Net assets	156,072	158,326

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

There were no significant changes from last financial year.

4 Investments

(a) Assumptions and methods used for valuation of investments

The Branch's investments are primarily comprised of debt securities, principally sovereign bonds, cash deposits and a small allocation in portfolio investments. Debt securities and portfolio investments are valued at fair value using quoted market prices where available, or valuation techniques based on observable market inputs where quoted prices are not available. Cash deposits are considered to approximate fair value because of liquidity characteristics.

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

There was no material change in the assumptions, methods, or valuation approach for investments during the reporting year.

5 Insurance liabilities

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

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 (<u>gross</u> of reinsurance)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	121,308
Total general insurance liabilities excluding other general insurance liabilities (<u>gross</u> of reinsurance)	-	-	73,560	-	-	-	-	47,748	-	121,308
Outstanding claims liabilities	-	-	51,819	-	-	-	-	38,369	-	90,188
Premium liabilities	-	-	16,823	-	-	-	-	6,395	-	23,218
Margin over current estimate for outstanding claims liabilities	-	-	3,330	-	-	-	-	2,333	-	5,663
Margin over current estimate for premium liabilities	-	-	1,588	-	-	-	-	651	-	2,239
Total general insurance liabilities excluding other general insurance liabilities (<u>net</u> of reinsurance)	-	-	40,749	-	-	-	-	25,386	-	66,135

(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 (<u>gross</u> of reinsurance)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	137,614
Total general insurance liabilities excluding other general insurance liabilities (<u>gross</u> of reinsurance)	-	-	90,350	-	-	-	-	47,264	-	137,614
Outstanding claims liabilities	-	-	72,731	-	-	-	-	36,325	-	109,056
Premium liabilities	-	-	13,464	-	-	-	-	8,726	-	22,190
Margin over current estimate for outstanding claims liabilities	-	-	3,210	-	-	-	-	1,541	-	4,751
Margin over current estimate for premium liabilities	-	-	945	-	-	-	-	672	-	1,617
Total general insurance liabilities excluding other general insurance liabilities (<u>net</u> of reinsurance)	-	-	49,273	-	-	-	-	25,203	-	74,476

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

Insurance liabilities are determined by using actuarial valuation techniques based on the present value of expected future cash flows arising from insurance contracts.

Outstanding claims liabilities are estimated using generally accepted actuarial methods including Chain Ladder, Bornhuetter-Ferguson and Expected Loss Ratio techniques, where appropriate. Premium liabilities are determined based on the expected future cost of unexpired risks.

Key assumptions include claims development patterns, expected loss ratios, claims inflation, settlement patterns, expense levels and reinsurance recoveries. A Margin Over Current Estimate (MOCE) is included to reflect uncertainty in the underlying assumptions and variability in future cash flows. The valuation is performed using best estimate assumptions that are current, credible and consistent with the requirements of the Insurance (Valuation and Capital) Rules.

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

There were no material changes in the actuarial methodologies, valuation approaches or key assumptions used to determine insurance liabilities during the reporting year.

Changes in liability estimates during the year primarily reflected updated business experience, changes in the business portfolio and claims emerging experience, with updates made where appropriate in accordance with actuarial judgement.

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	113,723	-	-	113,723	N/A	N/A	N/A	N/A
Net premiums	52,630	-	-	52,630	N/A	N/A	N/A	N/A
Gross claims paid	93,924	-	-	93,924	N/A	N/A	N/A	N/A
Net claims paid	53,700	-	-	53,700	N/A	N/A	N/A	N/A

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	7,442	N/A	N/A	7,442	N/A	N/A	N/A	N/A	N/A	N/A

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

Not applicable, as no comparative figures are available in the 2024 disclosure statement.

(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	-	-	72,319	-	-	-	-	41,404	-	113,723
Net premium	-	-	32,664	-	-	-	-	19,966	-	52,630
Net undiscounted best estimate combined business results, relating to current year	-	-	5,914	-	-	-	-	(18,105)	-	(12,191)
Net undiscounted best estimate combined business results, relating to prior year	-	-	2,874	-	-	-	-	1,807	-	4,681
Undiscounted underwriting results - profit / (loss)	-	-	8,669	-	-	-	-	(17,103)	-	(8,434)

(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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net premium	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net undiscounted best estimate combined business results, relating to current year	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net undiscounted best estimate combined business results, relating to prior year	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Undiscounted underwriting results – profit / (loss)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Not applicable, as no comparative figures are available in the 2024 disclosure statement.

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)	7,544	11,617
Interest rate risk RCA	6,717	10,872
Credit spread risk RCA	-	-
Equity risk RCA	-	-
Property risk RCA	-	-
Currency risk RCA	2,144	2,195
Diversification benefits within market risk	(1,317)	(1,450)
Life Insurance Risk (diversified RCA)	-	-
Mortality risk RCA	-	-
Longevity risk RCA	-	-
Life catastrophe risk RCA	-	-
Morbidity risk RCA	-	-
Expense risk RCA	-	-
Lapse risk RCA	-	-
Diversification benefits within life insurance risk	-	-
General Insurance Risk (diversified RCA)	28,984	32,326
Reserve and premium risk RCA	28,984	32,326
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	5,769	4,183
Diversification benefits among risk modules	(8,460)	(9,693)
Operational risk RCA	3,446	3,609
Adjustment for loss absorbing capacity cap	-	-
Adjustment for tax effect	-	-
Any other items which the IA may specify to adjust	-	-
Prescribed capital amount	37,283	42,042

* On 19 September 2025, the IA granted the Branch a relaxation of Rule 69(2) of the Rules such that the Branch is not obliged to follow the calculation methods as prescribed in Rule 69(2)(a)(i) to (iv) and 69(2)(b) in determining its risk capital amount for man-made non-systemic catastrophe risk. This approval is effective for the financial years ended 31 December 2024 to 31 December 2026.

- (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	156,072	158,326
Limited Tier 1 capital	-	-
Tier 2 capital	-	-
Capital base	156,072	158,326

- (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	419%	377%

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

The prescribed capital amount reduced approximately 11.3% compared to prior year end. A decrease in Market Risk RCA is primarily attributable to lower exposure to interest rates and currency risks at year end. A reduction in General Insurance Risk RCA reflected changes in the branch's underwriting portfolio and reserve profile. These reductions were partly offset by an increase in counterparty default and other risk RCA. The Branch continued to benefit from the Insurance Authority's approved relaxation of the prescribed calculation methodology for man-made non-systemic catastrophe risk, which remained effective for the financial year.

The capital base decreased marginally by 1.4%. The capital base remained entirely composed of Unlimited Tier 1 Capital. The slight reduction reflects the branch's operating results during 2025, partly offset by investment income earned during the year. Despite the decrease, the capital base remained substantially above regulatory capital requirements.

The ratio of capital base to prescribed capital amount increased from 377% to 419%. The improvement was mainly driven by the reduction in prescribed capital requirements while the capital base remained broadly stable. The Branch maintained a strong capital position throughout the year.

8 Risk Management

(a) Risk appetite and risk governance framework

Risk Appetite

The Branch operates within the risk appetite established by the Gard Group, which defines the nature and level of risk that the Branch is willing to accept in pursuing its business objectives while maintaining financial strength and regulatory compliance. Material risks, including insurance, market, credit and liquidity risks, are monitored against approved risk appetite and tolerance limits through the Gard Group's Enterprise Risk Management framework. There were no material changes to the Branch's risk appetite during the financial year.

Asset and Liability Management

The Branch manages its assets and liabilities with the objective of maintaining adequate financial resources and liquidity to meet its insurance obligations as they fall due and applicable regulatory capital requirements. Investment assets are managed having regard to the nature and profile of the Branch's insurance liabilities, liquidity needs and regulatory requirements.

Risk Governance Framework

The Branch operates within the Gard Group's risk governance framework and applies a three-lines-of-defence model. Business functions are responsible for identifying and managing risks, while Risk Management, Compliance and Actuarial functions provide independent oversight, monitoring and challenge. Internal Audit provides independent assurance over the effectiveness of governance, risk management and internal controls.

The Board of Directors is ultimately responsible for the sound and prudent management of the Company and the Branch. The Risk Committee oversees the overall risk strategy, risk appetite, risk tolerance and risk profile and assesses the effectiveness of the risk management framework. The Risk & Capital Committee supports senior management on risk and capital management and oversight of overall risk-taking.

(b) Insurance risk management

The Branch is exposed to insurance risk arising from the underwriting of marine and energy insurance and reinsurance contracts, including the risk that premiums and insurance liabilities may be insufficient to meet claims and related expenses. Insurance risk is assessed at an overall level and, where relevant, by geographical area, line of business and other relevant risk characteristics, taking into account underwriting exposures, claims experience, insurance liabilities and the potential effect of adverse developments on the Branch's financial position and capital adequacy.

The Branch assesses and monitors potential concentrations of insurance risk, including concentrations by geographical area, line of business and other common risk characteristics. Insurance exposures are monitored against approved risk appetite and tolerance limits, with appropriate management actions taken where necessary.

Insurance risk is managed through underwriting guidelines, risk selection, claims management, actuarial reserving and reinsurance arrangements. Reinsurance is an important component of the Branch's risk transfer strategy. The Branch benefits from proportional and non-proportional reinsurance arrangements maintained within the Gard Group, with programme structure and retention levels established having regard to overall risk profile, risk appetite, capital and regulatory considerations. Actuarial reviews, stress testing and capital assessments are also performed periodically.

Insurance risk is managed within the Gard Group's Enterprise Risk Management framework and established risk appetite. Business functions are responsible for managing insurance risks, with independent oversight and challenge from Risk Management, Compliance and Actuarial functions and independent assurance from Internal Audit. Overall oversight is provided through the Board of Directors and its supporting governance committees.

(c) Investment risk management

The Branch manages its investment portfolio with the objectives of preserving capital, maintaining adequate liquidity, supporting its insurance obligations and maintaining sufficient eligible assets to satisfy applicable regulatory requirements at all times, while seeking appropriate investment returns within approved risk appetite and risk limits.

The Branch's investments are primarily comprised of debt securities, principally sovereign bonds, cash deposits and a small allocation in portfolio investments. The portfolio is managed with an emphasis on credit quality, capital preservation, liquidity and diversification. Investment risks, including market, credit, liquidity and concentration risks, are managed through defined risk limits and regular monitoring of exposures.

There were no material new types of investment products introduced during the financial year. Any new investment products are subject to the applicable investment governance and risk management processes.

Investment risk is subject to oversight within the Gard Group's governance framework. The Risk & Capital Committee supports oversight of investment management and overall risk-taking, while the Risk Committee oversees the overall risk strategy, risk appetite, risk tolerance and risk profile.

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 Gard Marine & Energy Limited (Hong Kong Branch);
- (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 Gard Marine & Energy Limited (Hong Kong Branch)'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 Gard Marine & Energy Limited (Hong Kong Branch) 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:	Wang Malene Menglin
Position:	Chief Executive
Company Name:	Gard Marine & Energy Limited (Hong Kong Branch)