

Global Offering

FWD Group Holdings Limited. 富衛集團有限公司.
(Incorporated in the Cayman Islands with limited liability).
Stock Code : 1828



Joint Sponsors, Joint Global Coordinators,
Joint Bookrunners, Joint Lead Managers and
Overall Coordinators

Morgan Stanley

**Goldman
Sachs**

Joint Global Coordinators, Joint Bookrunners,
Joint Lead Managers and Overall Coordinators

CMBI 招銀國際

 **HSBC**

Senior Joint Lead Managers (in alphabetical order)

 交銀國際
JPMORGAN

 建銀國際
BOC INTERNATIONAL

 华泰国际
HUATAI INTERNATIONAL

ICBC  工銀国际

MIZUHO

 **SMBC** SMBC NIKKO

Joint Lead Managers (in alphabetical order)

 **DBS**

 **OCBC**

UOB  **KeyBank**

Financial Adviser

 **HSBC**

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



FWD GROUP HOLDINGS LIMITED

富衛集團有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering : 91,342,100 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares : 9,134,300 Shares (subject to reallocation)
Number of International Offer Shares : 82,207,800 Shares (subject to reallocation and the Over-allotment Option)
Offer Price : HK\$38.00 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal Value : US\$0.03 per Share
Stock Code : 1828

Joint Sponsors, Joint Global Coordinators, Joint Bookrunners,
Joint Lead Managers and Overall Coordinators

Morgan Stanley

Goldman Sachs

Joint Global Coordinators, Joint Bookrunners,
Joint Lead Managers and Overall Coordinators

CMBI 招銀國際



Senior Joint Lead Managers
(in alphabetical order)



Joint Lead Managers
(in alphabetical order)



Financial Adviser



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix VI – Documents Delivered to the Registrar of Companies in Hong Kong and Documents on Display", has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price per Offer Share unless otherwise announced will be HK\$38.00. Applicants for the Hong Kong Offer Shares may be required to pay, on application (subject to application channels), the Offer Price of HK\$38.00 for each Hong Kong Offer Share together with a brokerage fee of 1%, a SFC transaction levy of 0.0027%, a Stock Exchange trading fee of 0.00565% and an AFRC transaction levy of 0.00015%.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered (a) in the United States only to persons who are QIBs in reliance on Rule 144A, or pursuant to another exemption from, or in a transaction not subject to, registration requirements of the U.S. Securities Act and (b) outside the United States in offshore transactions in accordance with Regulation S.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in "Risk Factors". The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting". It is important that you refer to that section for further details.

ATTENTION

Our Company has adopted a fully electronic application process for the Hong Kong Public Offering. Our Company will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.fwd.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

Thursday, 26 June 2025

IMPORTANT

IMPORTANT NOTICE TO INVESTORS FULLY ELECTRONIC APPLICATION PROCESS

Our Company has adopted a fully electronic application process for the Hong Kong Public Offering. Our Company will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.fwd.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online through the **HK eIPO White Form** service at www.hkeipo.hk; or
- (2) apply electronically through the HKSCC EIPO channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

Our Company will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this document is available online at the website addresses above.

Please refer to "*How to Apply for Hong Kong Offer Shares*" for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application for Hong Kong Offer Shares through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table below. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares. If you are applying through the **HKSCC EIPO** channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/ successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/ successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/ successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/ successful allotment HK\$
100	3,838.32	2,500	95,958.08	30,000	1,151,496.90	600,000	23,029,938.00
200	7,676.65	3,000	115,149.69	40,000	1,535,329.20	700,000	26,868,261.00
300	11,514.97	3,500	134,341.30	50,000	1,919,161.50	800,000	30,706,584.00
400	15,353.29	4,000	153,532.92	60,000	2,302,993.80	900,000	34,544,907.00
500	19,191.61	4,500	172,724.54	70,000	2,686,826.10	1,000,000	38,383,230.00
600	23,029.94	5,000	191,916.16	80,000	3,070,658.40	2,000,000	76,766,460.00
700	26,868.26	6,000	230,299.38	90,000	3,454,490.70	3,000,000	115,149,690.00
800	30,706.59	7,000	268,682.61	100,000	3,838,323.00	4,567,100 ⁽¹⁾	175,300,049.72
900	34,544.90	8,000	307,065.85	200,000	7,676,646.00		
1,000	38,383.24	9,000	345,449.06	300,000	11,514,969.00		
1,500	57,574.85	10,000	383,832.30	400,000	15,353,292.00		
2,000	76,766.45	20,000	767,664.60	500,000	19,191,615.00		

Note:

- (1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 50% of the Hong Kong Offer Shares initially offered.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application will be rejected.

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable, we will issue an announcement on the respective websites of our Company's website at www.fwd.com and the Stock Exchange at www.hkexnews.hk.

Hong Kong Public Offering commences. 9:00 a.m. on Thursday,
26 June 2025

Latest time for completing electronic applications
under the **HK eIPO White Form**
service through the designated
website at www.hkeipo.hk⁽²⁾ 11:30 a.m. on Wednesday,
2 July 2025

Application lists open⁽³⁾ 11:45 a.m. on Wednesday,
2 July 2025

Latest time for (a) completing payment for
HK eIPO White Form applications
by effecting internet banking transfer(s) or
PPS payment transfer(s) and (b) giving electronic
application instructions to HKSCC⁽⁴⁾ 12:00 noon on Wednesday,
2 July 2025

If you are instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via FINI to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your broker or custodian for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close⁽³⁾ 12:00 noon on Wednesday,
2 July 2025

Announcement of the level of indications of
interest in the International Offering,
the level of applications in the Hong Kong Public
Offering and the basis of allocations of the
Hong Kong Offer Shares to be published on
the websites of the Stock Exchange at
www.hkexnews.hk and our Company at
www.fwd.com⁽⁵⁾ on or before Friday,
4 July 2025

EXPECTED TIMETABLE⁽¹⁾

Results of allocations in the Hong Kong Public Offering

to be available through a variety of channels

as described in “How to Apply for Hong Kong

Offer Shares – B. Publication of Results”, including: Friday, 4 July 2025

- in the announcement to be posted on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.fwd.com⁽⁵⁾
- from the “Allotment Results” function at the designated results of allocations website at www.hkeipo.hk/IPOResult (or www.tricor.com.hk/ipo/result) with a “search by ID” function from 11:00 p.m. on Friday, 4 July 2025 to 12:00 midnight on Thursday, 10 July 2025
- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, 7 July 2025 to Thursday, 10 July 2025

Despatch of Share certificates or deposit of Share

certificates into CCASS in respect of wholly

or partially successful applications pursuant to

the Hong Kong Public Offering^{(6), (8)} on or before Friday, 4 July 2025

Despatch of e-Auto Refund payment

instructions/refund cheques in respect of

wholly or partially successful applications

pursuant to the Hong Kong Public Offering⁽⁷⁾ on or before Monday, 7 July 2025

Dealings in the Shares on the Stock Exchange

expected to commence 9:00 a.m. on Monday, 7 July 2025

Notes:

- (1) All dates and times refer to Hong Kong dates and times.
- (2) You will not be permitted to submit your application under through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are a “black” rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 2 July 2025, the application lists will not open and close on that day. See “How to Apply for Hong Kong Offer Shares – E. Severe Weather Arrangements”.

EXPECTED TIMETABLE⁽¹⁾

- (4) Applicants who apply for the Hong Kong Offer Shares by giving electronic application instructions to HKSCC via HKSCC's FINI system should refer to *"How to Apply for Hong Kong Offer Shares – 1. Who Can Apply – 2. Application Channels"*.
- (5) None of the website or any of the information contained on the website forms part of this prospectus.
- (6) The Share certificates for the Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date, which is expected to be Monday, 7 July 2025, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.
- (7) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering. Part of the applicant's identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's identification document number before encashment of the refund cheque. Inaccurate completion of an applicant's identification document number may invalidate or delay encashment of the refund cheque.
- (8) Applicants who have applied through the **HK eIPO White Form** service for 1,000,000 or more Hong Kong Offer Shares may collect any Share certificates in person from our Hong Kong Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 7 July 2025 or such other place or date as notified by our Company as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions. Applicants being individuals who are applying for 1,000,000 Hong Kong Offer Shares or more and are eligible for personal collection may not authorise any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to *"How to Apply for Hong Kong Offer Shares – D. Despatch/collection of Share certificates and Refund of Application Monies"*.

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) despatched to the bank account in the form of e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions in the form of refund cheques in favour of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

Share certificates and/or refund cheques for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in *"How to Apply for Hong Kong Offer Shares – D. Despatch/collection of Share certificates and Refund of Application Monies"*.

For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see *"Structure of the Global Offering"* and *"How to Apply for Hong Kong Offer Shares"*, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, our Company will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering, the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the application securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. Neither our Company nor any of the Relevant Persons has authorised anyone to provide you with any information or to make any representation that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company or any of the Relevant Persons. Information contained on our website, at www.fwd.com, does not form part of this prospectus.

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SUMMARY

This summary is intended to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide whether to invest in the Offer Shares. Some of the particular risks of investing in the Offer Shares are set out in “Risk Factors” and you should read that section carefully before you decide to invest in the Offer Shares.

References to “Group”, “we”, “our” or “us” are to FWD Group Holdings Limited and its consolidated subsidiaries. Unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our fiscal year ended 31 December of that year. All growth rates included in this section, including compounded growth rates, are presented on an actual exchange rate (“AER”) basis, unless otherwise stated.

OVERVIEW

We are a Pan-Asian life insurer with a customer-led and tech-enabled model. We were founded in 2013 by Mr. Richard Li, with the ambition of forging our own path as a leading insurer in Asia. Our vision is *changing the way people feel about insurance*. We have built our leadership team and culture to align with our vision.

We have built a Pan-Asian presence by adapting to evolving market trends and customer needs. We have adopted a multi-channel distribution model, invested in digital infrastructure and data analytics capabilities, and expanded partnership and referral opportunities. According to NMG, the aggregate life insurance gross written premiums (“GWP”) in our current markets is forecast to grow from an estimated US\$407 billion in 2023 to US\$579 billion in 2033, offering significant market opportunities. We believe that structural demographic and macroeconomic factors, including middle-class expansion, ongoing wealth accumulation, a significant protection gap, which is the estimated additional life insurance premiums needed annually to fully meet mortality and health protection needs, as well as digital acceleration, are key drivers for the growth of the Pan-Asian insurance sector.

We have grown from three markets at inception to ten markets, including Hong Kong (and Macau), Thailand (and Cambodia), Japan, and Emerging Markets, comprising the Philippines, Indonesia, Singapore, Vietnam and Malaysia (collectively, the “FWD markets”, each a “FWD market”). We have entered certain of these new markets by obtaining new licences (such as in the Philippines and Indonesia) or via the acquisition of licensed life insurers with limited operations locally (such as in Singapore, Vietnam, Malaysia and Cambodia). Our Hong Kong (and Macau), Thailand (and Cambodia), Japan and Emerging Markets operations contributed 34.2%, 32.6%, 15.7% and 17.5%, respectively, of new business contractual service margin (“new business CSM”) in 2024. Our geographic coverage provides us with growth opportunities in developed insurance markets such as Hong Kong (and Macau) and Japan, as well as exposure to Southeast Asia, which comprises

SUMMARY

some of the fastest growing insurance markets in the world with an expanding but underinsured population. Our Southeast Asia markets (comprising Thailand (and Cambodia), the Philippines, Indonesia, Singapore, Vietnam and Malaysia) contributed approximately 50% of our new business CSM in 2024. We were ranked as a top five insurer and the top bancassurer within our Southeast Asia markets by annualised premium equivalent (“**APE**”) in 2023, according to NMG.

We achieved 5.2 times growth of our APE in 2024 since our first full year of operations in 2014, growing from US\$309 million in 2014 to US\$1,916 million in 2024. Our APE increased by 18.3% on a constant exchange rate (“**CER**”) basis from 2022 to 2023 and by 18.6% on a CER basis from 2023 to 2024. To facilitate a more meaningful comparison, we also present APE on a “like-for-like” basis (which reflects the impact of the revisions and updates to our methodology and operating assumptions at the end of 2023; see “*Financial Information – Key Performance Indicators*” for details), on the basis of which our APE increased by 20.9% from 2023 to 2024.

We are customer-led and we put customers at the heart of everything we do. We have adopted a multi-channel distribution model enabled by technology to enhance, extend and empower our distribution, effectively serving diverse customer needs and meeting customers wherever, whenever and however they choose. Our distribution channels include bancassurance, agency, brokerage/IFA and others, which include digital commerce and other distribution channels. These channels contributed 46.6%, 15.2%, 31.8% and 6.5% respectively, of our VNB in 2024. To serve sophisticated, affluent and mass-affluent customers who value personalised interactions, we have built a leading Southeast Asian bancassurance platform with eight exclusive partnerships as of the Latest Practicable Date. We were ranked sixth in 2024 among multi-national insurers globally in terms of the number of Million Dollar Round Table (“**MDRT**”) registered members. As of 31 December 2024, we had over 2,900 brokerage and IFA partners. We have also built a digital commerce platform to effectively reach customers through our direct-to-customer (“**D2C**”) eCommerce platform, our bank partners’ digital channels and ecosystem partners’ platforms supported by application programming interface (“**API**”) integration, and online-to-online, online-to-offline and offline-to-online (collectively, “**O2O**”) referral programmes. Together, our distribution channels grant us access to a number of exclusive and non-exclusive bank partners, with a combined customer base of over 280 million, according to NMG.

We offer easy-to-understand and relevant propositions through our diverse portfolio of life insurance, health insurance, employee benefits (group insurance) and financial planning products. We classify our key products into (i) participating life, (ii) non-participating life, (iii) critical illness, term life, medical and riders, (iv) unit-linked insurance, and (v) group insurance and others, which contributed 36.5%, 28.0%, 22.2%, 7.5% and 5.7%, respectively, of our VNB in 2024. Through our technology and data analytics tools, which are built increasingly upon artificial intelligence (“**AI**”) and are standardised across our Group, we have made our customers’ insurance journeys simpler, faster and smoother. Our individual policyholder base increased at a CAGR of 4.0% from 31 December 2022 to 31 December 2024.

SUMMARY

We have experienced substantial growth and demonstrated a track record of execution, and our business is supported by a strong balance sheet to allow for future growth. We assess our capital adequacy with reference to the Insurance (Group Capital) Rules, which determine the calculation of the Group local capital summation method (“**Group LCSM**”) tier 1 minimum capital requirement (“**MCR**”) and prescribed capital requirement (“**PCR**”) bases. Our Group LCSM free surplus (PCR basis) is the difference between our group available capital and our group prescribed capital requirement (“**GPCR**”), and our Group LCSM cover ratio (PCR basis) is the ratio of our group available capital to our GPCR. Our Group LCSM tier 1 cover ratio (MCR basis) is the ratio of our Group tier 1 available capital to our group minimum capital requirement (“**GMCR**”). Our Group LCSM cover ratio (PCR basis) was 260% as of 31 December 2024, before giving effect to the net proceeds of the Global Offering. See “*Financial Information – Key Performance Indicators*” and “*Financial Information – Solvency and Capital – Group Capital Adequacy*” for details.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have provided us with the ability to maintain our strong growth: (a) we are a Pan-Asian life insurer capturing growth opportunities in the most attractive markets in the region; (b) we offer engaging customer propositions with a distinctive brand; (c) we have tech-enabled multi-channel distribution capabilities tailored to market needs; (d) we have built digital infrastructure with data analytics at its core; and (e) we have delivered agile execution under the leadership of a highly experienced management team.

OUR GROWTH STRATEGIES

To maintain our growth momentum, we plan to implement the following strategies: (a) generate value by reinforcing leadership in customer acquisition and engagement; (b) increase scale and productivity of distribution partnerships; (c) deliver relevant and innovative customer propositions; (d) optimise customer experience and boost operating leverage through continued investment in digitalisation; and (e) create additional value by pursuing selective value-enhancing expansion opportunities.

OUR MARKET POSITIONING

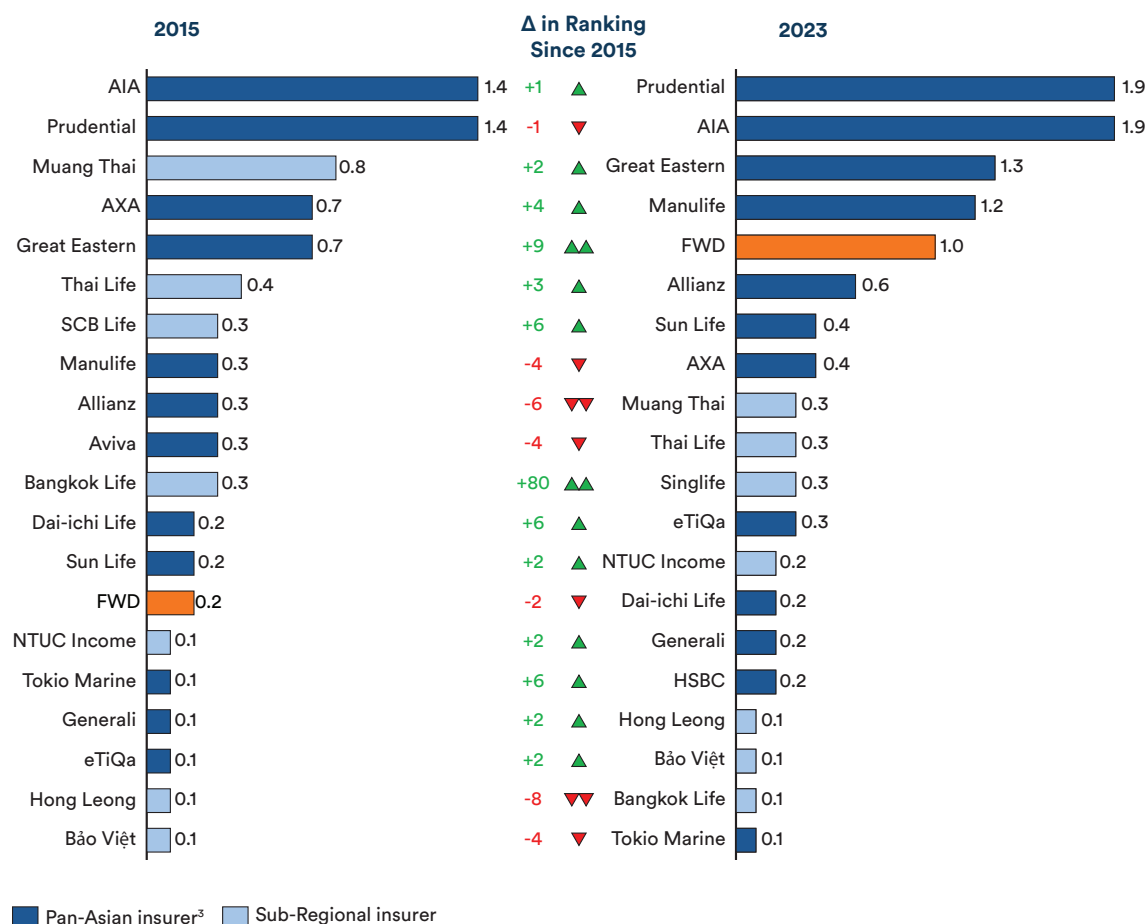
Southeast Asia is expected to be a key driver of growth in the Asia life insurance market, given the population base, the proportion of the middle class in the overall population, and the larger protection gap, compared to the rest of the Asia region.

The competitive landscape of Southeast Asia’s life insurance industry has changed dramatically in a short period of time. In terms of ranking by APE in our Southeast Asia markets (comprising Thailand (and Cambodia), Philippines, Indonesia, Singapore, Vietnam and Malaysia), we are estimated to have grown from fourteenth place in 2015 to fifth place in 2023, making us the fastest-growing Pan-Asian life insurer (defined as a life insurer competing in three or more FWD markets) in that period. This is illustrated in the following

SUMMARY

charts, which also include our market ranking and market share in each FWD market in 2023. We tailor our approach in each market to capture the unique opportunities with specific distribution and product strategies, primarily focusing on driving VNB growth.

Insurers Across Southeast Asia Markets¹ by Individual New Business (APE², 2023, US\$ billions)



Source: NMG Asia Life Insurance Market Model

- (1) Southeast Asia markets include Thailand (and Cambodia), the Philippines, Indonesia, Singapore, Vietnam, and Malaysia.
- (2) Using local market convention for APE, using static FX rates as at 30 June 2023.
- (3) Pan-Asian insurer is defined as a life insurer competing in three or more FWD markets, and Sub-Regional insurer is defined as an insurer competing in two or fewer FWD markets (and where an insurer is grouped to its ultimate shareholder if ownership stake is greater than 40%).

SUMMARY

Individual Life Insurance Market Share Rankings Across FWD Markets (APE¹, 2023)

All FWD Markets	
Competitor	Market Share
AIA	9.4%
Prudential	8.8%
Nippon Life	8.0%
HSBC	6.8%
Dai-ichi Life	6.2%
Manulife	5.1%
AXA	3.9%
FWD #8	3.6%
BOC LIFE	3.4%
China Life	3.0%
Other	41.6%

Hong Kong & Macau	
Competitor	Market Share
HSBC	20.3%
AIA	16.0%
Prudential	14.1%
BOC LIFE	10.8%
China Life	9.5%
Manulife	6.2%
AXA	4.9%
Sun Life	4.0%
CTF Life	3.7%
FWD #10	3.6%
Other	7.0%

Thailand	
Competitor	Market Share
AIA	23.3%
FWD #2	17.7%
Muang Thai	11.1%
Thai Life	10.1%
Prudential	6.6%
AXA	6.5%
Allianz	5.5%
Bangkok Life	4.5%
Thai Samsung	1.5%
Tokio Marine	1.4%
Other	11.8%

Cambodia	
Competitor	Market Share
Prudential	35.8%
Manulife	21.0%
AIA	16.5%
Dai-ichi Life	9.8%
Sovannaphum	9.4%
eTiQa	2.8%
FWD #7	1.8%
Phillip	1.2%
Forte Life	0.9%
Fortune Life	0.5%
Other	0.3%

Japan	
Competitor	Market Share
Nippon Life	20.6%
Dai-ichi Life	14.8%
Taiyo Life	7.7%
Mitsui Sumitomo	6.7%
PFI	6.7%
Sony Life	6.2%
MetLife	5.9%
Meiji Yasuda Life	5.5%
Sumitomo Life	5.3%
AXA	3.6%
FWD #20	0.7%
Other	16.4%

Malaysia ²	
Competitor	Market Share
Great Eastern	20.8%
Prudential	20.4%
AIA	18.0%
eTiQa	9.3%
Allianz	7.6%
Hong Leong	7.3%
Sun Life	4.2%
Tokio Marine	2.4%
FWD #9	2.0%
Zurich	1.9%
Other	6.0%

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Vietnam		Indonesia	
Competitor	Market Share	Competitor	Market Share
Prudential	17.5%	Allianz	14.4%
Dai-ichi Life	13.5%	Prudential	13.7%
Manulife	13.1%	AXA	10.0%
Bảo Việt	12.3%	FWD⁵ #4	8.9%
Sun Life	7.6%	Manulife	7.5%
AIA	7.1%	AIA	6.6%
FWD #7	6.9%	Capital Life	5.2%
MB Ageas	4.7%	Generali	3.8%
Generali	4.6%	SIMAS JIWA	3.4%
Chubb	3.4%	Mitsui Sumitomo	3.0%
Other	9.4%	Other	23.4%
Singapore		Philippines	
Competitor	Market Share	Competitor	Market Share
Great Eastern	22.8%	Sun Life	19.3%
Manulife	21.4%	Prudential	17.1%
Prudential	17.0%	AIA	9.1%
AIA	13.1%	FWD #4	7.5%
Singlife	7.8%	BDO	6.7%
NTUC Income	5.7%	Manulife	6.5%
HSBC	4.5%	Insular	6.0%
FWD #8	1.7%	Allianz	5.4%
Utmost	1.4%	AXA	5.1%
eTiQa	1.4%	eTiQa	3.3%
Other	3.2%	Other	14.0%

■ Pan-Asian insurer⁴ ■ Sub-Regional insurer

Source: NMG Asia Life Insurance Market Model

- (1) Using static FX rates as at 30 June 2023.
- (2) Includes conventional insurance and takaful.
- (3) Includes BRI Life.
- (4) Pan-Asian insurer is defined as a life insurer competing in three or more FWD markets, and Sub-Regional insurer is defined as an insurer competing in two or fewer FWD markets (and where an insurer is grouped to its ultimate shareholder if ownership stake is greater than 40%).

RECENT DEVELOPMENTS

Performance Highlights for the Three Months Ended 31 March 2025

Our new business growth, as measured by new business CSM, APE and VNB, increased by 54.5%, 45.9% and 31.9%, respectively, on a CER basis, from the three months ended 31 March 2024 to the three months ended 31 March 2025. These increases were primarily driven by an increase in both offshore and onshore sales in Hong Kong.

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Our CSM balance, comprehensive tangible equity and embedded value increased by 7.3%, 4.9% and 6.5%, respectively, on a CER basis, from 31 December 2024 to 31 March 2025, supported by strong growth in new business and positive operating variances.

Our Reporting Accountants have carried out procedures over the financial information of the Group for the three months ended 31 March 2025 in accordance with International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity (“ISRE 2410”). For further details, please refer to the section headed “*Financial Information – Performance Highlights for the Three Months Ended 31 March 2025*”.

Publication of Offering Circular under Global Medium Term Note and Capital Securities Programme

As disclosed in “*Financial Information – Liquidity and Capital Resources*”, we believe that our current cash and anticipated cash flow generated from operating and financing activities and net proceeds from the Global Offering will be sufficient to meet our anticipated working capital requirements, including our cash needs for operating expenses, payment liabilities under our insurance contracts and debt obligations and capital expenditures, in the next 12 months. Nevertheless, we may seek to issue equity or debt securities including through the establishment of and drawdowns under medium-term notes programmes and/or standalone bond issuances if, amongst other things, we determine that it is desirable to refinance certain of our outstanding indebtedness, whether at or prior to maturity. For example, on 27 March 2025, we published an offering circular under our US\$5,000,000,000 global medium term note and capital securities programme (“**GMTN Programme**”). If we determine to issue notes and/or capital securities pursuant to such programme prior to the completion of the Global Offering (including shortly after the Latest Practicable Date) and/or shortly after the completion of the Global Offering, the proceeds from such issuance would be used primarily to refinance the relevant indebtedness in line with sound treasury practices, including to manage our overall finance costs, extend our debt maturity profile, and/or to establish ongoing market access.

NO MATERIAL ADVERSE CHANGE

The Directors believe that, having performed reasonable due diligence on the Group, there has been no material adverse change in our financial or trading position since 31 December 2024 and up to the date of this prospectus.

SUMMARY OF RISK FACTORS

An investment in our Shares is subject to a number of risks, including risks relating to our business, risks relating to credit, counterparties and investments, risks relating to our products and product distribution channels, risks relating to the insurance industry, risks relating to legal and regulatory matters, risks relating to our technology, risks relating to our Controlling Shareholders and certain other shareholders, and risks relating to the Global

SUMMARY

Offering. You should carefully consider all of the information in this prospectus, in particular the section headed “*Risk Factors*”, before making an investment in the Shares. We believe that some of the most significant risks we face include: (a) our international operations across different geographic markets and political systems; (b) geopolitical and political instability, market fluctuations and general economic conditions globally and in the markets in which we operate may materially and adversely affect our business; (c) intense competition in the segments of the insurance industry in which we operate in each of our markets could negatively affect our ability to attain or increase profitability; (d) extensive regulation across multiple jurisdictions; (e) new solvency standards which may affect our capital position; (f) our business has evolved through a number of strategic transactions and the information presented in our financial statements may not be indicative of our future performance and prospects; (g) certain metrics and key performance indicators are based on a number of assumptions and methodologies and may vary as those assumptions or methodologies change; (h) the risk of not being able to execute and realise synergies from, our strategic initiatives; and (i) the risk of our financial condition and results of operations being adversely affected if we are unable to successfully manage our growth.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering (assuming (a) Phase 3 of the Reorganisation, the Share Consolidation, the issue of Shares to Directors and a former director pursuant to satisfaction of certain Pre-IPO Awards and the Global Offering have become unconditional and completed; (b) in accordance with Phase 3 of the Reorganisation, the Management Shares, Series P Conversion Shares and Series A/B-2/B-3 Conversion Shares are converted to Shares based on the Offer Price and the expected Listing Date of 7 July 2025; (c) the relevant number of Shares to be issued (i) to Directors and a former director; and (ii) pursuant to the Pre-IPO Awards Shares Issuance, in satisfaction of the outstanding Pre-IPO Awards, is calculated based on the Offer Price; and (d) the Over-allotment Option is not exercised; and not taking into account any Shares which may be issued after the date of this prospectus to satisfy any exercise of any option granted or to be granted under the Pre-IPO Awards (other than those to be issued to Directors and a former director on the Listing Date pursuant to satisfaction of certain Pre-IPO Awards as aforementioned), or issued or repurchased by our Company pursuant to the general mandates granted to the Directors to issue or repurchase shares), Mr. Li and Mr. Li’s Entities together control approximately 66.45% of our enlarged total issued share capital and are entitled to exercise or control the exercise of 30% or more of the voting power at the general meetings of our Company and, accordingly, Mr. Li (together with Mr. Li’s Entities) will be considered as the Controlling Shareholders of our Company for the purposes of, and as defined under, the Listing Rules immediately following the completion of the Global Offering. For further details of our Controlling Shareholders, please refer to the section headed “*Relationship with the Controlling Shareholders.*”

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OUR PRE-IPO INVESTORS

Shortly following the acquisition of the life insurance companies in Hong Kong, Macau and Thailand, as well as the general insurance, employee benefits, MPF business and financial planning businesses in Hong Kong, from ING by Mr. Li in 2013, Swiss Re Investments acquired a 12.34% equity interest in the Group. Thereafter, the Group received several rounds of Pre-IPO Investments, including through the subscription of securities issued by FL and FGL, as well as the subscription of Shares in our Company. For further details of the Pre-IPO Investments, please refer to the section headed “*History, Reorganisation and Corporate Structure – Major Shareholding Changes of our Company – Pre-IPO Investments.*”

CORNERSTONE INVESTORS

We have entered into Cornerstone Investment Agreements with the Cornerstone Investors, pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for such number of Offer Shares which may be purchased (rounded down to the nearest whole board lot of 100 Shares) with an aggregate amount of approximately US\$250.0 million (approximately HK\$1,950.0 million), which will form part of the International Offering.

See “*Cornerstone Investors*” for further details.

DIVIDENDS AND DIVIDEND POLICY

Our Company has not declared or made any dividend or other distribution to its Shareholders in the past and it does not have any present plan to declare or pay any dividends on its ordinary shares in the foreseeable future. The Group currently intends to retain most, if not all, of available funds and any future earnings to operate and expand the business. Any other future determination to pay dividends will be made at the discretion of our Board and subject to our constitutional documents and applicable laws and regulations. See “*Risk Factors – Risks Relating to the Global Offering – Because we do not expect to pay cash dividends in the foreseeable future after the Global Offering, you may not receive any return on your investment unless you sell your Shares for a price greater than that which you paid for them.*” and “*Regulatory Overview and Taxation – A. Regulatory Overview – Laws and Regulations Relating to the Group’s Business and Operations in Hong Kong – Payment of dividends.*” If we decide to pay dividends, the form, frequency and amount may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Board may deem relevant.

Our Company may declare and pay dividends out of our distributable reserves and/or our share premium account pursuant to and subject to the laws of the Cayman Islands and the Articles of Association.

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary historical data of financial information set forth below has been derived from, and should be read in conjunction with, our consolidated financial statements, together with the accompanying notes set out in the Accountants' Report included in Appendix I to this prospectus and the Actuarial Consultant's Report included in Appendix III to this prospectus, as well as the "*Financial Information*" section. Our consolidated financial statements have been prepared in accordance with IFRS. We have also presented a number of key performance indicators that we believe are useful in evaluating our performance. See "*Financial Performance*" and "*Key Performance Indicators*."

Implementation of IFRS 17 and IFRS 9

We adopted International Financial Reporting Standards ("**IFRS**") 17, Insurance Contracts and IFRS 9, Financial Instruments, effective 1 January 2023. The 2022 financial information in this prospectus has also been presented on an IFRS 17 basis.

The IFRS 17 Insurance Contracts standard has replaced the previous IFRS 4 Insurance Contracts standard and has materially changed the recognition and measurement of insurance contracts and the corresponding presentation and disclosures. The IFRS 9 Financial Instruments standard has replaced the previous International Accounting Standards ("**IAS**") 39 Financial Instruments: Recognition and Measurement. The new standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

See "*Financial Information – Basis of Presentation – Implementation of IFRS 17 and IFRS 9*" for details.

Revisions and Updates to Methodology and Operating Assumptions

At the end of 2023, we implemented revisions to our embedded value ("**EV**") methodology and operating assumptions to better reflect our post-pandemic experience across markets, as well as market disruption in Vietnam. Additionally, effective 1 January 2024, we have also made updates to our actuarial methodology. The revisions and updates to our methodology and operating assumptions at the end of 2023 have had an impact on certain key performance indicators relating to our growth in 2024, namely APE, VNB, and new business CSM. While revising or updating actuarial methodology and operating assumptions is a routine aspect of the insurance industry, the revisions and updates at the end of 2023 indicate material differences when applied to our actual, as-reported APE, VNB and new business CSM in 2023. Accordingly, in order to facilitate a meaningful comparison between 2023 and 2024, we have presented in this prospectus the comparative figures for APE, VNB and new business CSM in 2023 on a "like-for-like basis." See "*Financial Information – Key Performance Indicators*" for details.

SUMMARY

Summary Consolidated Income Statements and Statements of Comprehensive Income

	Year ended 31 December		
	2022	2023	2024
	<i>(US\$ millions)</i>		
Insurance revenue	2,408	2,756	2,724
Insurance service expenses	(1,817)	(1,989)	(2,012)
Net expenses from reinsurance contracts held	(146)	(88)	(42)
Insurance service result	445	679	670
Interest revenue	1,011	1,159	1,185
Other investment gains/(losses)	(999)	(791)	93
Net impairment loss on financial assets	(29)	(9)	(16)
Investment return	(17)	359	1,262
Net finance income/(expenses) from insurance contracts	86	(996)	(1,051)
Net finance income/(expenses) from reinsurance contracts held	(23)	1	31
Movement in investment contract liabilities	2	4	(1)
Net investment result	48	(632)	241
Net insurance and investment result	493	47	911
Other revenue	38	64	36
General and other expenses	(689)	(731)	(550)
Borrowings and other finance costs	(128)	(174)	(249)
Profit/(Loss) before share of profit/(loss) from associates and joint ventures	(286)	(794)	148
Share of profit/(loss) from associates and joint ventures	2	(20)	36
Profit/(Loss) before tax	(284)	(814)	184
Tax benefit/(expense)	(36)	97	(174)
Net profit/(loss)	(320)	(717)	10
Attributable to:			
Equity Holders of the Company ⁽¹⁾	(320)	(733)	24
Non-controlling interests	–	16	(14)

Note:

- (1) See Note 6 to the Accountants' Report included in Appendix I for the definition of Equity Holders of the Company.

SUMMARY

Summary Consolidated Balance Sheet

	As of 31 December		
	2022	2023	2024
	(US\$ millions)		
ASSETS			
Intangible assets	3,207	3,154	3,085
Insurance contract assets	722	798	683
Reinsurance contract assets	725	2,876	2,696
Cash and cash equivalents	1,474	2,008	1,687
Total assets other than financial investments	8,159	11,119	10,043
Financial Investments:			
At fair value through other comprehensive income debt securities	30,815	29,029	31,408
At fair value through profit or loss			
Debt securities	1,810	1,970	1,750
Equity securities	381	675	221
Interests in investment funds	7,576	8,667	9,103
Derivative financial instruments	319	218	285
Loans and deposits	1,530	996	902
Total financial investments	42,431	41,555	43,669
Total assets	50,590	52,674	53,712
LIABILITIES			
Insurance contract liabilities	37,019	40,073	41,646
Reinsurance contract liabilities	463	304	366
Investment contract liabilities	197	56	32
Financial liabilities ⁽¹⁾	2,350	2,947	3,321
Liabilities – other than above ⁽²⁾	2,072	1,662	1,533
Total liabilities	42,101	45,042	46,898

SUMMARY

	As of 31 December		
	2022	2023	2024
	<i>(US\$ millions)</i>		
Total equity	8,489	7,632	6,814
Add: Share capital and share premium	1,717	–	–
Less: Non-controlling interests	(1,717)	–	–
Adjusted attribution of total equity (non-IFRS measure):			
Equity Holders of the Company	8,488	7,582	6,753
Shareholders of the Company	7,134	6,234	6,012
Perpetual securities	1,354	1,348	741
Adjusted non-controlling interests (non-IFRS measure)	1	50	61

Notes:

- (1) Includes borrowings and derivative financial instruments.
- (2) Consists of provisions, deferred tax liabilities, current tax liabilities and other liabilities.

SUMMARY

Summary Consolidated Statements of Cash Flows

	Year ended 31 December		
	2022	2023	2024
	<i>(US\$ millions)</i>		
Net cash provided by/(used in) operating activities	(391)	629	526
Net cash used in investing activities	(553)	(97)	(110)
Net cash provided by/(used in) financing activities	(190)	25	(705)
Net increase/(decrease) in cash and cash equivalents	(1,134)	557	(289)
Cash and cash equivalents at beginning of the year	2,654	1,474	2,008
Effect of exchange rate changes on cash and cash equivalents	(46)	(23)	(32)
Cash and cash equivalents at the end of year	1,474	2,008	1,687

Financial Performance

Profit and Loss Performance over the Track Record Period

In 2022, we recorded a net loss and a net loss attributable to Equity Holders of the Company (non-IFRS measure) of US\$320 million, which was mainly driven by adverse capital market movements from declining equity markets across our major markets. In 2023, we recorded a net loss of US\$717 million and a net loss attributable to Equity Holders of the Company (non-IFRS measure) of US\$733 million. The higher net loss in 2023 was mainly due to the investment losses on disposal of financial investments related to the Athene Reinsurance transaction in Japan, which accounted for US\$505 million of loss before tax. In 2024, we recorded a net profit of US\$10 million, as compared to a net profit attributable to Equity Holders of the Company (non-IFRS measure) of US\$24 million, the difference being primarily due to the attribution of a portion of FWD Life Malaysia's net loss to the non-controlling interests.

Our total equity decreased by 10.1% from US\$8,489 million as of 31 December 2022 to US\$7,632 million as of 31 December 2023, mainly due to net loss in 2023. Our total equity decreased by 10.7% from US\$7,632 million as of 31 December 2023 to US\$6,814 million as of

SUMMARY

31 December 2024, mainly due to (i) foreign exchange movements from depreciation of the Japanese Yen and other currencies against the US dollar, and (ii) redemption of US\$600 million of the capital securities issued by FGL on 13 September 2019.

Our operating profit after tax (non-IFRS measure), which enhances the understanding and comparability of the Group's performance and that of its operating segments on an ongoing basis, was positive during the Track Record Period. Our operating profit after tax (non-IFRS measure) increased by 28.7% on a CER basis from 2022 to 2023, as we increasingly benefited from economies of scale underpinned by strong business growth. Our operating profit after tax (non-IFRS measure) increased by 28.6% on a CER basis from US\$378 million in 2023 to US\$463 million in 2024. This was mainly on account of a reduction in operating expenses and improved claims experience. The following table presents our operating profit after tax (non-IFRS measure) for each of our reporting segments for the periods indicated:

	Year ended 31 December		
	2022	2023	2024
	<i>(US\$ millions)</i>		
Hong Kong (and Macau)	109	210	218
Thailand (and Cambodia)	127	151	148
Japan	196	164	193
Emerging Markets	(4)	17	21
Corporate and Others	(129)	(170)	(128)
Operating profit after tax (non-IFRS measure)	299	372	452
Attributable to:			
Equity Holders of the Company ⁽¹⁾			
(non-IFRS measure)	299	378	463
Non-controlling interests	–	(6)	(11)

Note:

- (1) See Note 6 to the Accountants' Report included in Appendix I for the definition of Equity Holders of the Company.

Operating Cash Flows during the Track Record Period

Our operating cash inflows primarily consist of cash premiums and fee income received for the insurance products we issue, as well as proceeds from the sale of financial investments in the ordinary course of our insurance business. Our operating cash outflows primarily consist of cash payments of insurance claims, professional service fees, employee salaries and benefits and commissions, as well as cash outflows for the purchase of financial investments in the ordinary course of our insurance business.

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During the Track Record Period, we recorded significant operating cash inflows (such as cash premiums and fee income) and used such inflows to, among other operating activities, make investments in a wide variety of financial instruments in the ordinary course of our insurance business. For a non-insurance company, the investment-related cash flows are typically recorded under cash flows from investing activities. However, for insurers such as the Group, investments are an integral part of business operations and therefore are included as operating cash flows.

We have been actively managing down excess liquidity through purchases of financial investments, which may outweigh the cash premiums and fee income received for the insurance products we issue. During the Track Record Period, we made a concerted effort to invest higher amounts of liquidity as a core part of our investment strategy to increase our operating profits. Therefore, while our business generated positive cash inflows, the deployment of those cash inflows to make ordinary course financial investments resulted in net cash used in operating activities of US\$391 million in our consolidated statement of cash flows for 2022. In 2023 and 2024, we reported net cash provided by operating activities of US\$629 million and US\$526 million, respectively.

Given that we account for the purchase, maturities and sale of financial investments as operating activities rather than investing activities, we may report net cash outflows in operating activities in our consolidated statement of cash flows for future periods as we continue to have net purchases of financial investments in the ordinary course of our insurance business to grow our business scale and presence.

Limitations of Conventional IFRS Financial Data

Life insurance is a long-term business where upfront costs are high while revenues are booked over the life of the policy which implies that profits only come later in the cycle. As conventional IFRS financial data may not provide a holistic view of the underlying financial performance or prospects of a life insurance company, actuarial data is used as important complementary metrics in the industry and are presented in this prospectus.

Further, the Asian life insurance industry is a high growth industry and, as such, additional metrics are reported to help provide operating and financial performance indicators to supplement IFRS data and thereby facilitate a better understanding of long-term profitability potential. Accordingly, in addition to the information contained in the consolidated financial statements, we have defined and presented in this prospectus various key performance indicators that we rely upon to evaluate and monitor the underlying performance of the Group and its business and operations, identify trends in our business, and make strategic decisions, including setting key performance indicators for our executives and senior management, and being a basis of our compensation programme. These measures, which are not meant to be predictive of future results, are summarised in the table below and are discussed in further detail in “*Financial Information – Key Performance Indicators*.”

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A key measure of operational performance is APE, which measures the volume of new policies issued, and is thereby an indicator of how much new business sales we were able to generate in any period. VNB is an actuarial performance measure which represents the value to shareholders arising from the new business issued during the relevant period, reflecting the present value of future net-of-tax profits less the corresponding cost of capital. For 2023, we have presented APE and VNB, as well as new business CSM (adjusted for certain transactions), on a “like-for-like basis” to reflect the impact of certain revisions and updates to our methodology and operating assumptions at the end of 2023, as discussed in further detail in “Financial Information – Key Performance Indicators.”

We also believe that measures such as operating profit are appropriate measures to evaluate an insurance business rather than traditional financial measures such as net profit and net operating cash flow. These are also industry standard measures that are widely used by Pan-Asian life insurers in their financial reporting, and are even more important to facilitate a better understanding of the longer term outlook for our Group. Since non-IFRS measures do not have standardised definitions, the non-IFRS measures presented in this prospectus are not identical to similar measures presented by the Group's peers.

Key Performance Indicators

	Year ended/as of 31 December			2022- 2024	2022- 2023	2023- 2024
	2022	2023	2024	CAGR	YoY	YoY
	(US\$ millions, except for percentages)				(CER)	
Profitability						
Operating profit after tax (non-IFRS measure)	299	378	463	30.9%	28.7%	28.6%
Net profit/(loss)	(320)	(717)	10	N/A	N/A	N/A
Net profit/(loss) attributable to Equity Holders of the Company (non-IFRS measure)	(320)	(733)	24	N/A	N/A	N/A
Contractual service margin (CSM) balance	5,400	5,046	5,174	1.1%	(4.2)%	6.1%
Growth						
New business contractual service margin (New business CSM)	1,409	1,349	1,222	N/A	(6.3)%	(6.7)%
New business CSM (like-for-like basis)	N/A	960	1,222	N/A	N/A	30.5%
Annualised premium equivalent (APE)	1,408	1,646	1,916	N/A	18.3%	18.6%
APE (like-for-like basis)	N/A	1,616	1,916	N/A	N/A	20.9%
Value of new business (VNB)	823	991	834	N/A	21.9%	(14.0)%
VNB (like-for-like basis)	N/A	749	834	N/A	N/A	13.5%

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	Year ended/as of 31 December			2022- 2024	2022- 2023	2023- 2024
	2022	2023	2024	CAGR	YoY	YoY
	(US\$ millions, except for percentages)				(CER)	
Total Weighted Premium Income (TWPI) (non-IFRS measure)	6,295	6,416	6,632	5.4%	4.2%	6.4%
Risk and Capital						
Adjusted net underlying free surplus generation (Adjusted net UFSG)	625	786	839	17.4%	27.5%	9.7%
Group LCSM tier 1 cover ratio (MCR basis)	327%	336%	282%	N/A	N/A	N/A
Group LCSM cover ratio (PCR basis)	288%	292%	260%	N/A	N/A	N/A
Leverage ratio (non-IFRS measure)	23.6%	27.2%	25.5%	N/A	N/A	N/A
Value						
Group embedded value (Group EV)	6,066	5,682	5,569	(1.1)%	(4.2)%	2.8%
Comprehensive tangible equity (non-IFRS measure)	8,331	7,172	7,162	(4.2)%	(11.9)%	4.2%
Return on tangible equity (non-IFRS measure)	10.8%	10.8%	15.4%	N/A	N/A	N/A

Except for operating profit/(loss) after tax (non-IFRS measure), net profit/(loss), net profit attributable to Equity Holders of the Company (non-IFRS measure), CSM balance, TWPI (non-IFRS measure) and comprehensive tangible equity (non-IFRS measure), all other figures in the table above are unaudited.

For the definitions and a discussion of our key performance indicators during the Track Record Period, see “Financial Information – Key Performance Indicators” and “Financial Information – Discussion of Key Performance Indicators For The Track Record Period.”

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. Assuming no exercise of the Over-allotment Option, we estimate that we have or will incur listing expenses of approximately US\$66.4 million (equivalent to approximately HK\$517.6 million, accounting for 14.9% of our gross proceeds from the Global Offering), of which approximately US\$28.3 million (equivalent to approximately HK\$220.7 million) is directly attributable to the issue of the Shares to the public and is expected to be accounted for as a deduction from equity premium directly upon Listing, and approximately US\$38.1 million (equivalent to approximately HK\$297.0 million) has been or is expected to be expensed. The estimated listing expenses consists of (i) underwriting-related expenses (including underwriting fees and commissions) of US\$17.8 million (equivalent to approximately HK\$138.8 million), (ii) fees and expenses of legal advisers and accountants of US\$31.9 million (equivalent to approximately HK\$249.1 million), and (iii) other fees and expenses of US\$16.6 million (equivalent to approximately HK\$129.7

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million). The estimated listing expenses components have been subject to rounding adjustments, and therefore do not aggregate to the total estimated amount. As of 31 December 2024, we incurred US\$37.5 million (equivalent to approximately HK\$292.6 million) of expenses relating to the Listing, of which US\$29.3 million (equivalent to approximately HK\$228.5 million) has been charged to the consolidated income statement of the Group and US\$8.2 million (equivalent to approximately HK\$64.1 million) is expected to be accounted for as a deduction from equity premium directly upon Listing.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK\$2,953.4 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering (including listing expenses of US\$29.3 million (equivalent to approximately HK\$228.5 million) which have been charged to the consolidated income statement of the Group during the Track Record Period), assuming the Over-allotment Option is not exercised, or approximately HK\$3,441.6 million if the Over-allotment Option is exercised.

In line with our strategies, we intend to use our net proceeds from the Global Offering for the enhancement of our capital position under the GWS regime and for the provision of growth capital for our operating entities, for strengthening our share capital, enhancing our solvency position and central liquidity, as well as building a capital buffer in excess of applicable statutory requirements. Such amounts, which contribute to our capital adequacy ratios, also forms part of the regulatory capital base required to support growth and opportunities to further penetrate customer and channel reach across our operations, including the enhancement of our digital capabilities and strategy, which are in line with our business strategies as described in “*Business – Our Growth Strategies*.” Enhancement of our capital position may also involve reducing our overall indebtedness. Any decision to reduce our indebtedness (including our medium term notes, subordinated notes, subordinated dated capital securities, perpetual securities or bank borrowings) will be subject to market conditions, contractual restrictions, our capital requirements and any other factors that our Board may deem appropriate at the relevant time. A profile of our indebtedness is set out in “*Financial Information – Indebtedness*”.

To the extent that the net proceeds of the Global Offering are not fully deployed, we intend to apply such net proceeds towards further enhancing our capital buffer in excess of applicable statutory requirements in line with the above, such as by placing residual liquidity in deposits in authorised financial institutions. We will disclose by way of an announcement on the Stock Exchange in the case of any change after listing to the use of proceeds of the Global Offering as set out above. Please refer to “*Future Plans and Use of Proceeds*” for details.

SUMMARY

OFFERING STATISTICS

**Based on Offer Price of
HK\$38.00 per Share**

Market capitalisation of our Shares upon completion of the Global Offering ⁽¹⁾⁽²⁾	HK\$48,298 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽³⁾⁽⁴⁾⁽⁵⁾	HK\$20.47

Notes:

- (1) All statistics in this table are presented after taking into account the Share Consolidation, as described in the section headed “Appendix V – Statutory and General Information – Resolutions of the shareholders of our Company passed on 23 June 2025.”
- (2) The calculation of market capitalisation is based on 1,271,003,877 Shares expected to be in issue immediately following the completion of the Global Offering, and assuming the Over-allotment Option is not exercised.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated on the basis that 1,271,003,877 Shares were in issue and assuming the completion of the Global Offering (without taking into account any Shares which may be issued upon exercise of the Over-allotment Option). See “Appendix II – Unaudited Pro Forma Financial Information.”
- (4) In calculating the per share numbers, adjustments have been made to reflect the impact of the FFI 2025 Transaction subsequent to 31 December 2024. Pursuant to the FFI 2025 Transaction, Future Financial Investment will waive its entitlement to receive Shares in connection with a portion of its holding in Series A Conversion Shares, such portion being 1,440,291 Series A Conversion Shares (which will not be issued by the Company) upon completion of Phase 3 and the Global Offering. For further details, please see “History, Reorganisation and Corporate Structure – Pre-IPO Investments – Transfer of Series A Conversion Shares from Future Financial Investment to PCGI Holdings.”
- (5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2024.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We are applying for the Listing under Rule 8.05(3) of the Listing Rules and satisfy the market capitalisation/revenue test, with reference to (i) our revenue for 2024, being US\$4,022 million, which exceeds HK\$500 million as required by Rule 8.05(3) of the Listing Rules; and (ii) our expected market capitalisation at the time of the Listing, which is HK\$48,298 million and exceeds HK\$4 billion as required by Rule 8.05(3) of the Listing Rules.

DEFINITIONS AND GLOSSARY

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

“Accountants’ Report”	the Accountants' Report set out in Appendix I covering the audited consolidated financial statements for 2022, 2023 and 2024
“Actuarial Consultant’s Report”	the Actuarial Consultant’s Report prepared by Milliman and set out in Appendix III setting out Milliman’s review of our embedded value as at 31 December 2022, 2023 and 2024
“ADGM”	Abu Dhabi Global Market, a financial zone located in Abu Dhabi
“AFRC”	the Accounting and Financial Reporting Council
“AHL”	Athene Holding Ltd.
“AMCM”	the Monetary Authority of Macau, the primary regulator of the insurance industry in Macau
“Apollo”	Apollo Global Management, Inc.
“Apollo Principal Holdings”	Apollo Principal Holdings C, L.P.
“Articles” or “Articles of Association”	the articles of association of our Company (as amended from time to time), a summary of which is set out in <i>“Appendix IV – Summary of the Constitution of our Company and Cayman Islands Company Law”</i>
“Athene”	Athene Life Re Ltd.
“Athene Annuity Re ”	Athene Annuity Re Ltd.
“Athene Reinsurance transaction”	the in-force full risk transfer reinsurance arrangement with Athene Annuity Re under which Athene Annuity Re reinsures an in-force block of whole life insurance policies of FWD Japan
“Bank BRI”	PT Bank Rakyat Indonesia (Persero) Tbk, a publicly listed bank established and existing under the laws of Indonesia

DEFINITIONS AND GLOSSARY

“Bermuda Insurance Act”	the Insurance Act 1978 of Bermuda and related regulations, as amended, supplemented or otherwise modified from time to time
“BMA”	the Bermuda Monetary Authority
“BNM”	the Central Bank of Malaysia, Bank Negara Malaysia
“Board” or “Board of Directors”	the board of directors of our Company
“bolttech Business Collaboration Agreement”	the Business Collaboration Agreement dated 8 December 2020 entered into among FL, FGL and bolttech Holdings
“Bolttech Digital Solutions”	Bolttech Digital Solutions Capital Limited, a company incorporated under the laws of the Cayman Islands, part of the GI Disposal Group
“bolttech Group”	bolttech Holdings and its subsidiaries
“bolttech Holdings”	bolttech Holdings Limited, a company incorporated under the laws of the Cayman Islands
“bolttech Spin-off”	the disposal of the entire equity interest in FWD General Insurance, iFWD TW and Bolttech Digital Solutions to bolttech Holdings
“BRI Life”	PT Asuransi BRI Life, a company in which we own an equity interest of 44.0% as of the date of this prospectus
“BSN”	Bank Simpanan Nasional
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“Business Units”	our operations across Hong Kong (and Macau), Thailand (and Cambodia), Japan and the Emerging Markets
“CAC”	Cyberspace Administration of China

DEFINITIONS AND GLOSSARY

“Cayman Companies Act”	the Companies Act, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CEO”	chief executive officer
“China” or “the PRC”	the People’s Republic of China, but for the purpose of this listing document and for geographical reference only and except where the context requires, references in this listing document to “China” and “the PRC” do not apply to the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“CIMA”	the Cayman Islands Monetary Authority
“CK Assets”	CK Asset Holdings Limited
“CK Assets Group”	CK Assets and its subsidiaries
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company”	FWD Group Holdings Limited (富衛集團有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 18 March 2013
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Mr. Li and Mr. Li's Entities
“Cornerstone Investment Agreements”	the cornerstone investment agreements dated 23 June 2025 entered into between our Company and the Cornerstone Investors, as further described in <i>“Cornerstone Investors”</i>

DEFINITIONS AND GLOSSARY

“Cornerstone Investments”	the investments entered into under the Cornerstone Investment Agreements
“Cornerstone Investors”	the cornerstone investors listed in “ <i>Cornerstone Investors</i> ”
“CPP Investments”	Canada Pension Plan Investment Board
“CPS”	convertible preference shares
“Crimson White Investment”	Crimson White Investment Pte. Ltd.
“Decree 46”	Decree No.46/2023/NĐ-CP of Vietnam
“DGA Capital (Master) Fund”	DGA Capital (Master) Fund I LP
“Director(s)”	the director(s) of our Company
“DPA”	the Cayman Islands Data Protection Act (as amended)
“Eastwood Asset Holding”	Eastwood Asset Holding Ltd
“Emerging Markets”	refers to our operations in the Philippines, Indonesia, Singapore, Vietnam and Malaysia
“Equity Incentive Plans”	the Pre-IPO Incentive Plans and the Post-IPO Incentive Plan
“ES Act”	the Cayman Islands International Tax Co-Operation (Economic Substance) Act (as amended)
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“FGL”	FWD Group Limited, an exempted company incorporated under the laws of the Cayman Islands and registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance and a subsidiary of our Company

DEFINITIONS AND GLOSSARY

“FINI”	“Fast Interface for New Issuance”, an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
“FL”	FWD Limited, an exempted company incorporated under the laws of the Cayman Islands and registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance and a subsidiary of our Company
“FMHCH”	FMH Capricorn Holdings Sdn. Bhd., a company incorporated under the laws of Malaysia and a subsidiary of our Company
“Fornax”	Fornax Investment Global Company Limited
“FRA”	the Cayman Islands Financial Reporting Authority
“FRs”	the HKIA, the SFC and the HKMA
“Future Financial Investment”	Future Financial Investment Company Ltd
“FWD Assurance (Vietnam)”	FWD Assurance VietNam Company Limited, a company incorporated under the laws of Vietnam
“FWD Cambodia”	FWD Life Insurance (Cambodia) Plc., a company incorporated under the laws of Cambodia and a subsidiary of our Company
“FWD Financial Limited”	FWD Financial Limited, a company incorporated under the laws of Hong Kong and a subsidiary of our Company
“FWD Financial Planning”	FWD Financial Planning Limited, a company incorporated under the laws of Hong Kong and a subsidiary of our Company
“FWD Financial Services”	FWD Financial Services Pte. Ltd., company incorporated under the laws of Singapore and a subsidiary of our Company

DEFINITIONS AND GLOSSARY

“FWD General Insurance”	FWD General Insurance Company Limited, a company incorporated under the laws of Hong Kong and part of the GI Disposal Group
“FWD Group Financial Services”	FWD Group Financial Services Pte. Ltd., a company incorporated under the laws of Singapore and a subsidiary of our Company
“FWD Group Management”	FWD Group Management Holdings Limited, a company incorporated under the laws of Hong Kong and a subsidiary of our Company
“FWD Indonesia”	PT FWD Life Indonesia, a company incorporated under the laws of Indonesia, and a subsidiary of our Company, which was subsequently merged with PT FWD Insurance Indonesia (formerly known as PT Commonwealth Life), with the surviving entity being PT FWD Insurance Indonesia
“FWD Life Assurance (Hong Kong)”	FWD Life Assurance Company (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and a subsidiary of our Company
“FWD Life (Bermuda)”	FWD Life Insurance Company (Bermuda) Limited, a company incorporated under the laws of Bermuda and registered as non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance and a subsidiary of our Company
“FWD Life (Hong Kong)”	FWD Life (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and a subsidiary of our Company
“FWD Life Japan”	FWD Life Insurance Company, Limited (formerly known as FWD Fuji Life Insurance Company, Limited), a company incorporated under the laws of Japan and a subsidiary of our Company
“FWD Life (Macau)”	FWD Life Insurance Company (Macau) Limited, a company incorporated under the laws of Macau and a subsidiary of our Company

DEFINITIONS AND GLOSSARY

“FWD Life Malaysia”	FWD Insurance Berhad (formerly known as Gibraltar BSN Life Berhad), a company incorporated under the laws of Malaysia and a subsidiary of our Company
“FWD Management Holdings”	FWD Management Holdings Limited, a company incorporated under the laws of Hong Kong and a subsidiary of our Company
“FWD Pension Trust”	FWD Pension Trust Limited, a company incorporated under the laws of Hong Kong and a subsidiary of our Company
“FWD Philippines”	FWD Life Insurance Corporation, a company incorporated under the laws of the Philippines and a subsidiary of our Company
“FWD Reinsurance”	FWD Reinsurance SPC, Ltd., an exempted company incorporated under the laws of the Cayman Islands and a subsidiary of our Company
“FWD Singapore”	FWD Singapore Pte. Ltd., a company incorporated under the laws of Singapore and a subsidiary of our Company
“FWD Takaful”	FWD Takaful Berhad, a company incorporated under the laws of Malaysia and a subsidiary of our Company
“FWD Thailand”	FWD Life Insurance Public Company Limited (บริษัท เอฟดับบลิวดี ประกันชีวิต จำกัด (มหาชน)), a company incorporated under the laws of Thailand and a subsidiary of our Company
“FWD Vietnam”	FWD Vietnam Life Insurance Company Limited, a company incorporated under the laws of Vietnam and a subsidiary of our Company
“FY” or “financial year”	financial year ended or ending 31 December
“GBSN Holdings”	Gibraltar BSN Holdings Sdn. Bhd., a company incorporated under the laws of Malaysia and a subsidiary of our Company, now renamed FWD BSN Holdings Sdn. Bhd.

DEFINITIONS AND GLOSSARY

“GBSN Life”	Gibraltar BSN Life Berhad, a company incorporated under the laws of Malaysia and a subsidiary of our Company, now rebranded as FWD Life Malaysia
“GI Disposal Group”	certain former subsidiaries of our Company’s general insurance business
“GIC Blue”	GIC Blue Holdings Pte Ltd.
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Greater Bay Area”	the Guangdong-Hong Kong-Macao Greater Bay Area which comprises the two Special Administrative Regions of Hong Kong and Macao, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province of China
“Group”, “we”, “our” or “us”	our Company and its subsidiaries
“Group Capital Rules”	the Insurance (Group Capital) Rules under the GWS framework
“Group Office”	FWD Group Financial Services, FWD Group Management and Valdimir
“GWS” or “Group-wide Supervision”	the group-wide supervision framework introduced by the HKIA, which came into effect on 29 March 2021
“HK\$”, “Hong Kong dollar(s)” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HK eIPO White Form”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the designated website at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company as specified on the designated website at www.hkeipo.hk
“HK Telecom”	Hong Kong Telecommunications (HKT) Limited
“HKFI”	the Hong Kong Federation of Insurers

DEFINITIONS AND GLOSSARY

“HKIA”	the Insurance Authority of Hong Kong, the primary regulator of the insurance industry in Hong Kong
“HKMA”	the Hong Kong Monetary Authority
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant, or a custodian participant
“HKT”	HKT Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and registered as a non-Hong Kong company in Hong Kong, and having its share stapled units jointly issued with the HKT Trust listed on the Main Board of the Stock Exchange (HKEX: 6823)
“HKT Group”	HKT and its direct and indirect subsidiaries
“HKT Services”	HKT Services Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of HKT and an indirect non-wholly owned subsidiary of PCCW

DEFINITIONS AND GLOSSARY

“HKT Trust”	a trust constituted on November 7, 2011 under the laws of Hong Kong and managed by HKT Management Limited (the trustee-manager of the HKT Trust), and having its share stapled units jointly issued with HKT listed on the Main Board of the Stock Exchange (HKEX: 6823)
“HKTIA”	HKT Financial Services (IA) Limited, which is an indirect wholly-owned subsidiary of HKT and an indirect non-wholly owned subsidiary of PCCW
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong authorised insurers”	FWD Life (Bermuda), FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong)
“Hong Kong Offer Shares”	the 9,134,300 Shares initially being offered by our Company pursuant to the Hong Kong Public Offering (subject to reallocation as described in “ <i>Structure of the Global Offering</i> ”)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares to the public in Hong Kong for subscription at the Offer Price, on and subject to the terms and conditions set out in this prospectus, as further described in “ <i>Structure of the Global Offering</i> ”
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in “ <i>Underwriting – Hong Kong Underwriters</i> ”
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 25 June 2025 relating to the Hong Kong Public Offering entered into among our Company, PCGI Holdings, the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters, as further described in “ <i>Underwriting</i> ”
“HOPU”	HOPU USD Master Fund III, L.P.
“HP”	Huatai-PineBridge Fund Management Co., Ltd.

DEFINITIONS AND GLOSSARY

“HSBC Amanah Takaful”	HSBC Amanah Takaful (Malaysia) Berhad, a company incorporated under the laws of Malaysia and is a subsidiary of our Company, now rebranded as FWD Takaful.
“Huatai Financial”	Huatai Financial Holdings (Hong Kong) Limited
“Huatai Fund”	Huatai Value Investment Fund L.P.
“Huatai Securities”	Huatai Securities Co., Ltd.
“HVIP”	Huatai Value Investment Partners Limited
“IAIS”	the International Association of Insurance Supervisors, which is the global standard setter for the insurance industry
“ICB”	the Insurance Complaints Bureau in Hong Kong
“IDR”	Indonesian rupiah, the lawful currency of Indonesia
“IFRS”	International Financial Reporting Standards
“IFSA”	the Islamic Financial Services Act 2013 of Malaysia
“iFWD TW”	iFWD Insurance Broker Co., Ltd., a company incorporated under the laws of Taiwan, and part of the GI Disposal Group
“Implementation Agreement”	the third amended and restated implementation agreement dated 31 July 2023 among our Company, PCGI Holdings, FL, FGL and the securityholders named therein
“independent third party”	any party who is not connected (within the meaning of the Hong Kong Listing Rules) with our Company, so far as the Directors are aware after having made reasonable enquiries
“Indonesia Insurance Law”	Law No. 40 of 2014 on Insurance Business of Indonesia as partially amended by Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector
“ING”	ING Group N.V.

DEFINITIONS AND GLOSSARY

“Insurance Act”	the Insurance Act (as amended) of the Cayman Islands
“Insurance (Group Capital) Rules”	the Insurance (Group Capital) Rules (Chapter 41O of the Laws of Hong Kong), as amended or supplemented from time to time
“International Offer Shares”	the 82,207,800 Shares initially being offered by our Company pursuant to the International Offering, together with, where relevant, up to an additional 13,701,300 Shares which may be issued by our Company pursuant to any exercise of the Over-allotment Option
“International Offering”	the offer of the International Offer Shares (a) in the United States solely to QIBs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or (b) outside the United States in offshore transactions in reliance on Regulation S, for subscription or purchase (as the case may be) at the Offer Price, in each case on and subject to the terms and conditions of the International Underwriting Agreement, as further described in <i>“Structure of the Global Offering”</i>
“International Underwriters”	the underwriters named in the International Underwriting Agreement, being the underwriters of the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering to be entered into among our Company, PCGI Holdings, the Joint Global Coordinators and the International Underwriters on or around Thursday, 3 July 2025, as further described in <i>“Underwriting”</i>
“IO”	the Insurance Ordinance (Chapter 41 of the Laws of Hong Kong), as amended or supplemented from time to time
“JFSA”	the Japan Financial Services Agency
“Joint Bookrunners”	Morgan Stanley Asia Limited, Goldman Sachs (Asia) L.L.C., CMB International Capital Limited and The Hongkong and Shanghai Banking Corporation Limited

DEFINITIONS AND GLOSSARY

“Joint Global Coordinators”	Morgan Stanley Asia Limited, Goldman Sachs (Asia) L.L.C., CMB International Capital Limited and The Hongkong and Shanghai Banking Corporation Limited
“Joint Lead Managers”	the joint lead managers as named in the section headed “Directors and Parties involved in the Global Offering”
“Joint Sponsors”	Morgan Stanley Asia Limited and Goldman Sachs (Asia) L.L.C.
“JPY”	Japanese yen, the lawful currency of Japan
“Latest Practicable Date”	16 June 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Law on Insurance Business”	the Law No. 08/2022/QH15 on Insurance Business of Vietnam
“LIBOR”	London Interbank Offered Rate
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about Monday, 7 July 2025, on which the Shares are first listed and from which dealings in the Shares are permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Lock-up Investors”	means Crimson White Investment, Future Financial Investment, PCGI Holdings, Spring Achiever Limited, Spring Achiever HK, Swiss Re PICA, Fornax, Apollo Principal Holdings, SCBX, CPP Investments, MPIC, DGA Capital (Master) Fund, ORIX Asia Capital and Huatai Growth Focus Limited
“Macau”	the Macau Special Administrative Region of the PRC

DEFINITIONS AND GLOSSARY

“Management Shares”	management shares in the share capital of our Company with a nominal value of US\$0.01 each
“MAS”	Monetary Authority of Singapore
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, a summary of which is set out in <i>“Appendix IV – Summary of the Constitution of our Company and Cayman Islands Company Law”</i>
“Memorandum and Articles of Association”	the memorandum and articles of association of our Company (as amended from time to time), conditionally adopted on 23 June 2025 and which will become effective upon the Listing, a summary of which is set out in <i>“Appendix IV – Summary of the Constitution of our Company and Cayman Islands Company Law”</i>
“Milliman”	Milliman Limited, an independent actuarial consultant
“MoneyHero”	MoneyHero Limited
“MoneyHero Group”	MoneyHero and its subsidiaries
“MOP”	Macanese pataca, the lawful currency of Macau
“MPF”	mandatory provident fund
“MPFA”	the Mandatory Provident Fund Schemes Authority
“MPFSO”	the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)
“MPIC”	Metro Pacific Investments Corporation
“Mr. Huynh”	Mr. Huynh Thanh Phong
“Mr. Li”	Mr. Li Tzar Kai, Richard
“Mr. Li’s Entities”	PCGI Holdings, Creative Knight Limited, Spring Achiever Limited and Spring Achiever HK
“Mr. Wong”	Mr. Wong Ka Kit

DEFINITIONS AND GLOSSARY

“NMG”	N.M.G. Financial Services Consulting Limited, an independent industry consultant
“Nomination Committee”	the nomination and corporate governance committee of the Board
“OECD”	the Organisation for Economic Co-operation and Development
“Offer Price”	the offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) of HK\$38.00, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering, and International Offer Shares are to be offered pursuant to the International Offering, to be determined as described in <i>“Structure of the Global Offering – Pricing and allocation”</i>
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional Shares which may be issued by our Company pursuant to any exercise of the Over-allotment Option
“OGS”	One George Street LLP, a joint venture in which we hold a 50.0% interest
“OIC”	the Office of Insurance Commission of Thailand
“OJK Regulation No. 23”	OJK Regulation No. 23/2023 on Licensing and Organisation of Insurance, Sharia Insurance, Reinsurance and Sharia Reinsurance Companies
“option”	a conditional right to subscribe for shares following vesting pursuant to and in accordance with the terms and conditions of the relevant Equity Incentive Plan and a letter of grant
“ORIX”	ORIX Corporation
“ORIX Asia Capital”	ORIX Asia Capital Limited
“ORSA”	the Own Risk and Solvency Assessment

DEFINITIONS AND GLOSSARY

“ORSO”	the Occupational Retirement Schemes Ordinance (Chapter 426 of the Laws of Hong Kong)
“Otoritas Jasa Keuangan” or “OJK”	the Indonesian Financial Services Authority
“Overall Coordinators”	Morgan Stanley Asia Limited, Goldman Sachs (Asia) L.L.C., CMB International Capital Limited and The Hongkong and Shanghai Banking Corporation Limited
“Over-allotment Option”	the option expected to be granted by our Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), pursuant to which our Company may be required to issue up to an additional 13,701,300 Shares (representing not more than approximately 15% of the number of the Offer Shares initially being offered under the Global Offering) at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any, as further described in <i>“Structure of the Global Offering”</i>
“PCCW”	PCCW Limited, a company incorporated under the laws of the Hong Kong whose shares are listed on the HKEX (HKEX: 0008)
“PCCW Group”	PCCW and its direct and indirect subsidiaries
“PCCW Services”	PCCW Services Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of PCCW
“PCG”	Pacific Century Group, an Asia-based private investment group ultimately wholly-owned by Mr. Li
“PCGI”	PCGI Limited
“PCGI Holdings”	PCGI Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands and directly wholly-owned by Mr. Li

DEFINITIONS AND GLOSSARY

“PCGI Intermediate”	PCGI Intermediate Limited, an exempted company incorporated under the laws of the Cayman Islands and directly wholly-owned by PCGI Holdings and indirectly wholly-owned by Mr. Li
“PCGI Intermediate II Holdings”	PCGI Intermediate Holdings (II) Limited, an exempted company incorporated under the laws of the Cayman Islands and directly wholly-owned by PCGI Holdings and indirectly wholly-owned by Mr. Li
“PDPA”	the Personal Data Protection Act 2012 of Singapore
“PDPC”	the Personal Data Protection Commission of Singapore
“Philippine Insurance Code”	Presidential Decree No. 1460, as amended by Republic Act No. 10607 of the Philippines
“PHP”	Philippine peso, the lawful currency of the Philippines
“PineBridge”	PineBridge Investments, L.P., an exempted limited partnership established in the Cayman Islands and a member of PCG and which has been appointed by the Group to act as investment manager for the Group’s credit fixed income and other portfolios of the Group
“PineBridge Group”	PineBridge and its subsidiaries
“Post-IPO Incentive Plan”	the Employee Share Purchase Plan
“Pre-IPO Awards”	the share-based awards granted by the Group before the Listing, including under the Share Option and RSU Plan and the Share Award Plan
“Pre-IPO Awards Shares Issuance”	the issuance of up to 25,659,330 Shares to the trustee of the Equity Incentive Plans after the completion of the Global Offering to satisfy the Pre-IPO Awards (other than in respect of the Pre-IPO Awards granted to Directors and a former director pursuant to the Share Option and RSU Plan) in accordance with their terms
“Pre-IPO Incentive Plans”	the Share Option and RSU Plan and the Share Award Plan

DEFINITIONS AND GLOSSARY

“Pre-IPO Investments 2021/2022”	the Pre-IPO Investments set out in <i>“History, Reorganisation and Corporate Structure – Pre-IPO Investments – Subscription of Shares of our Company by Athene, SCB, CPP Investments, MPIC, Swiss Re PICA, DGA Capital (Master) Fund, PCGI Holdings, ORIX Asia Capital and Huatai Growth Focus Limited”</i>
“Pre-IPO Investment(s)”	the pre-IPO investments in our Company undertaken by the Pre-IPO Investors, details of which are set out in <i>“History, Reorganisation and Corporate Structure”</i>
“Pre-IPO Investor(s)”	the investors in the Pre-IPO Investments
“Previous Rounds Pre-IPO Investments”	RRJ First Pre-IPO Investment, GIC Blue Pre-IPO Investment, HOPU Pre-IPO Investment, PCG First Pre-IPO Investment, Swiss Re First Pre-IPO Investment, RRJ Second Pre-IPO Investment, PCG Second Pre-IPO Investment, Mr. Wong’s Pre-IPO Investment, Swiss Re Second Pre-IPO Investment and PCG Third Pre-IPO Investment
“Principal Subsidiaries”	FL, FGL, FWD Life (Bermuda), FWD Reinsurance, FWD Life (Hong Kong), FWD Life Assurance (Hong Kong), FWD Life Japan, FWD Thailand, FWD Management Holdings, FWD Life (Macau), FWD Takaful, FWD Vietnam, FWD Philippines, FWD Singapore, PT FWD Asset Management, PT FWD Insurance Indonesia, FWD Life Malaysia and Valdimir
“PSU”	a RSU which is subject to certain performance-based and other vesting conditions
“PT Commonwealth Life”	PT Commonwealth Life, a company incorporated under the laws of Indonesia (now known as PT FWD Insurance Indonesia)
“PTBC”	PT Bank Commonwealth, a company incorporated under the laws of Indonesia
“QIB”	a qualified institutional buyer within the meaning of Rule 144A
“Queensway Asset Holding”	Queensway Asset Holding Ltd.

DEFINITIONS AND GLOSSARY

“Registrar of Companies”	the Registrar of Companies in the Cayman Islands
“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Persons”	the Controlling Shareholders, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Underwriters, any of their or our Company’s respective directors, officers or representatives or any other person involved in the Global Offering
“Reorganisation”	the restructuring steps undertaken by our Group as set out in the paragraph headed “ <i>History, Reorganisation and Corporate Structure – Reorganisation</i> ”
“RK Consulting”	RK Consulting K.K.
“RM”	Malaysian ringgit, the lawful currency of Malaysia
“RRJ”	RRJ Capital Master Fund III, L.P.
“RSU”	a restricted share unit, being a contingent right to receive shares under an Equity Incentive Plan subject to certain time-based and other vesting conditions
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SCB”	The Siam Commercial Bank Public Company Limited
“SCB Life”	SCB Life Assurance Public Company Limited, a company incorporated under the laws of Thailand, now amalgamated with FWD Thailand
“SCBX”	SCB X Public Company Limited
“Security Bank”	Security Bank Corporation, a universal bank incorporated in the Philippines
“Senior Joint Lead Managers”	the senior joint lead managers as named in the section headed “ <i>Directors and Parties Involved in the Global Offering</i> ”
“Series A/B-2/B-3 Conversion Shares”	Series A Conversion Shares, Series B-2 Conversion Shares and Series B-3 Conversion Shares

DEFINITIONS AND GLOSSARY

“Series A Conversion Shares”	series A conversion shares in the share capital of our Company with a nominal value of US\$0.01 each
“Series A CPS”	series A CPS in the share capital of FL and FGL with a par value of US\$0.01 each
“Series B Warrants”	warrants to subscribe for fully paid common shares in FL and FGL in connection with the issue of Series B-2 CPS, Series B-3 CPS and Series B-4 CPS
“Series B-2 Conversion Shares”	series B-2 conversion shares in the share capital of our Company with a nominal value of US\$0.01 each
“Series B-2 CPS”	series B-2 convertible preference shares in the share capital of FL and FGL with a par value of US\$0.01 each
“Series B-3 Conversion Shares”	series B-3 conversion shares in the share capital of our Company with a nominal value of US\$0.01 each
“Series B-3 CPS”	series B-3 convertible preference shares in the share capital of FL and FGL with a par value of US\$0.01 each
“Series B-4 CPS”	series B-4 convertible preference shares in the share capital of FL and FGL with a par value of US\$0.01 each
“Series P Conversion Shares”	series P conversion shares in the share capital of our Company with a nominal value of US\$0.01 each
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“SGD”	Singapore dollars, the lawful currency of Singapore
“Share Consolidation”	the consolidation of every three shares with a nominal value of US\$0.01 each in the Company's issued and unissued share capital into one share with a nominal value of US\$0.03 each, the details of which are set out in the section headed “ <i>Appendix V – Statutory and General Information – Resolutions of the shareholders of our Company passed on 23 June 2025.</i> ”

DEFINITIONS AND GLOSSARY

“Share Split”	the share sub-division effected on 20 August 2021 whereby each of the then-authorised ordinary shares of our Company, nominal value US\$1.00 each, was divided into 100 Shares, nominal value US\$0.01 each; following such share split, PCGI Holdings owned 2,162,950,800 Shares in our Company and surrendered for no consideration 1,514,065,560 Shares to our Company for cancellation, following which PCGI Holdings owned 648,885,240 Shares in our Company (excluding any Shares in our Company allotted and issued to PCGI Holdings in the Pre-IPO Investments 2021/2022)
“Shareholders”	holders of Shares
“Shares”	ordinary shares of the share capital of our Company with a nominal value of US\$0.01 each prior to the Share Consolidation and with a nominal value of US\$0.03 each subsequent to the Share Consolidation
“Singapore Insurance Act”	the Insurance Act 1966 of Singapore
“Spring Achiever HK”	Spring Achiever (Hong Kong) Limited
“Stabilising Manager”	Morgan Stanley Asia Limited
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into on or around Thursday, 3 July 2025 between the Stabilising Manager (or its affiliate) and PCGI Holdings
“Stock Exchange” or “HKEX”	The Stock Exchange of Hong Kong Limited
“Swiss Re”	Swiss Reinsurance Company Ltd, an intermediate parent company of Swiss Re PICA
“Swiss Re Group”	Swiss Re Ltd and its subsidiaries
“Swiss Re Investments”	Swiss Re Investments Company Ltd
“Swiss Re PICA”	Swiss Re Principal Investments Company Asia Pte. Ltd.
“Syndicate Capital Market Intermediaries”	the syndicate capital market intermediaries as named in the section headed “Directors and Parties involved in the Global Offering”

DEFINITIONS AND GLOSSARY

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Tax Concessions Act”	the Tax Concessions Act (as amended) of the Cayman Islands
“THB”	Thai baht, the lawful currency of Thailand
“TIA Act”	the Tax Information Authority Act (as amended) of the Cayman Islands
“TMB”	Thai Military Bank, or TMB Bank Public Company Limited (now amalgamated with Thanachart Bank Public Company Limited and known as TMB Thanachart Bank Public Company Limited)
“Track Record Period”	the three financial years ended 31 December 2022, 31 December 2023 and 31 December 2024
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“US\$”, “US dollar(s)” or “USD”	US dollars, the lawful currency of the United States of America
“U.S.” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“Valdimir”	Valdimir Pte. Ltd., a company incorporated under the laws of Singapore and a subsidiary of our Company
“VCB”	Joint Stock Commercial Bank for Foreign Trade of Vietnam
“VCLI”	Vietcombank-Cardif Life Insurance Limited Company, now rebranded as FWD Assurance (Vietnam)
“VHIS”	Voluntary Health Insurance Scheme of Hong Kong

DEFINITIONS AND GLOSSARY

“VND”	Vietnamese dong, the lawful currency of Vietnam
“white space”	the segment of the Asian life insurance market representing emerging affluent consumers who intend to purchase insurance products but suffer from low penetration of insurance services due to purchase barriers

In this prospectus, unless the context otherwise requires, the terms “**associate**”, “**connected person**”, “**connected transaction**”, “**controlling shareholder**”, “**subsidiary**” and “**substantial shareholder**” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and statements may not be an arithmetic aggregation of the figures preceding them.

Unless otherwise specified, certain amounts denominated in US\$ have been translated into Hong Kong dollars at exchange rates of US\$1.00 = HK\$7.80, respectively, in each case for illustrative purposes only and such conversions shall not be construed as representations that amounts in US dollars were or could have been or could be converted into Hong Kong dollars and/or that amounts in Hong Kong dollars were or could have been or could be converted into US dollars at such rate or any other exchange rates.

Unless otherwise specified, all references to the completion of the Global Offering (and any shareholdings in our Company thereafter) assume that (a) Phase 3 of the Reorganisation, the Share Consolidation, the issue of Shares to Directors and a former director pursuant to satisfaction of certain Pre-IPO Awards and the Global Offering have become unconditional and completed; (b) in accordance with Phase 3 of the Reorganisation, the Management Shares, Series P Conversion Shares and Series A/B-2/B-3 Conversion Shares are converted to Shares based on the Offer Price and the expected Listing Date of 7 July 2025; (c) the relevant number of Shares to be issued (i) to Directors and a former director; and (ii) pursuant to the Pre-IPO Awards Shares Issuance, in satisfaction of the outstanding Pre-IPO Awards, is calculated based on the Offer Price; and (d) the Over-allotment Option is not exercised; and not taking into account any Shares which may be issued after the date of this prospectus to satisfy any exercise of any option granted or to be granted under the Pre-IPO Awards (other than those to be issued to Directors and a former director on the Listing Date pursuant to satisfaction of certain Pre-IPO Awards as aforementioned), or issued or repurchased by our Company pursuant to the general mandates granted to the Directors to issue or repurchase shares. For further details in respect of calculations of the number of Shares converted from the Management Shares, Series P Conversion Shares and Series A/B-2/B-3 Conversion Shares as a result of Phase 3 of the Reorganisation, please refer to the section headed “*History, Reorganisation and Corporate Structure – Reorganisation – Phase 3: Conversion of Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares into Shares*”.

DEFINITIONS AND GLOSSARY

This glossary contains explanations of certain terms used in this prospectus in connection with the Group and its business. The terminologies and their meanings may not correspond to standard industry meanings or usage of those terms.

“actual exchange rate” or “AER”	actual exchange rates for the relevant periods used for the purpose of calculation of growth
“adjusted net UFSG”	Net UFSG excluding one-off opening adjustments, non-economic assumption changes and expense variance
“adjusted net worth” or “ANW”	the statutory net asset value, reflecting the excess of assets over policy reserves and other liabilities reported on a local regulatory basis plus/minus mark-to-market adjustments for assets that have not been held on a market value basis minus the value of intangible assets
“AI”	artificial intelligence
“ALMCO”	the Group’s Asset and Liability Management Committee
“annualised premium equivalent” or “APE”	the sum of 10% of single premiums and 100% of annualised first year premiums for all new policies, before reinsurance ceded. Consistent with customary industry practice, a factor of 10% is applied to single premiums because such weighting makes the value of a single premium sale broadly equivalent to the same dollar amount of first year premiums. APE provides an indicative volume measure of new policies issued in the relevant period. For takaful business, APE refers to annualised contribution equivalent
“API”	application programming interface
“bancassurance”	the distribution of insurance products through banks or other financial institutions
“CAGR”	compound annual growth rate
“cede”	the transfer of all or part of a risk written by an insurer to a reinsurer

DEFINITIONS AND GLOSSARY

“claim”	an occurrence that is the basis for submission and/or payment of a benefit under an insurance policy. Depending on the terms of the insurance policy, a claim may be covered, limited or excluded from coverage
“COLI”	corporate-owned life insurance
“commission”	a fee paid to a distribution partner by an insurance company for services rendered in connection with the sale or maintenance of an insurance product
“constant exchange rate” or “CER”	constant exchange rate used for the calculation of growth and is based on average exchange rates of relevant periods, other than for balance sheet items where growth as at the end of the current year over the end of the prior year is based on end of period exchange rates
“contractual service margin” or “CSM”	a component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the Group will recognise as it provides insurance contract services under the insurance contracts in the Group. For details, please refer to Notes 2.3.1, 2.3.2 and 3.2 to the Accountants’ Report in Appendix I
“conversion rate”	the percentage of quoted leads that convert into successful sales
“customer”	anyone who owns or receives value from insurance products and services. Customers are categorised as either individual customers or group scheme customers. Individual customers include policyholders (who are paying policy owners), the insured under life insurance policies, beneficiaries of the policies and active FWD MAX members, while group scheme customers include corporate policyholders (who are paying policy owners) and participating members
“D2C”	direct-to-customer
“DIHC”	designated holding company of an insurance group

DEFINITIONS AND GLOSSARY

“embedded value” or “EV”	an actuarial method of measuring the consolidated value of shareholders’ interests in the existing business of an insurance company. Represents an estimate of the economic value of its life insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to any future new business
“embedded value equity” or “EV equity”	the equity attributable to shareholders on an actuarial basis, reflecting the Group EV, adjusted to include goodwill and other intangible assets attributable to shareholders. It is presented on a net-of-financing basis. Financing for this purpose includes debt held by us and comprises borrowings and perpetual securities
“embedded value operating profit” or “EV operating profit”	the change in EV over the relevant period, adjusted for movements relating to acquisitions, partnerships and discontinued businesses, economic variance, economic assumption charge, non-operating variance, capital movements, corporate adjustments, financing and foreign exchange movement. It comprises expected returns on EV, VNB, operating variance, and the impact of operating assumption changes. The results have been presented before allowing for operating variances other than claims/persistency/expense and operating assumption changes
“exclusive bancassurance partnerships” or “exclusive bancassurance arrangements”	our exclusive bancassurance partnerships in-market generally require bancassurance partners to distribute our products on either an exclusive or preferred basis to their customers across networks and jurisdictions specified under their contracts and subject to applicable laws and regulations. Exclusive bancassurance arrangements commonly include termination rights which may be triggered if specific, pre-defined conditions are met, for example upon material breaches by either party, in the event a party becomes a competitor, upon a change of control or in the event of force majeure; in addition, in limited cases exclusivity also applies to us over the partnership term
“expense ratio”	operating expenses expressed as a percentage of TWPI for the relevant period

DEFINITIONS AND GLOSSARY

“financial investments”	equity and fixed income securities plus receivables and derivative financial instruments classified as assets, excluding cash and cash equivalents
“first year premiums”	premiums received in the first year of a recurring premium policy
“free surplus”	excess of adjusted net worth, i.e. adjusted statutory net asset value attributable to shareholders, over the required capital
“FWD markets”	Hong Kong (and Macau), Thailand (and Cambodia), Japan, Philippines, Indonesia, Singapore, Vietnam and Malaysia
“GMCR”	group minimum capital requirement
“GPCR”	group prescribed capital requirement
“Group embedded value” or “Group EV”	the consolidated EV of our Group and is presented on a net-of-financing basis; financing for this purpose includes debt held and comprises borrowings and perpetual securities
“GWP”	gross written premiums calculated based on applicable guidelines promulgated by the relevant insurance authorities
“high net worth” or “HNW”	individuals who have investable assets of US\$1 million or more
“ICS”	Insurance Capital Standard
“IFA”	independent financial advisor
“IFRS”	International Financial Reporting Standards
“in-force products” or “in-force policies”	customers or products with respect to an insurance policy or contract reflected on records, at a certain time, that has not expired, matured or otherwise been surrendered or terminated, or such policies or contracts themselves

DEFINITIONS AND GLOSSARY

“insurance contract services”	services that the Group provides to a policy holder of an insurance contract, including: (i) coverages for an insured event; (ii) for insurance contracts without direct participation features, the generation of an investment return for the policy holder, if applicable (investment-return service); and (iii) for the insurance contracts with direct participation features, the management of underlying items on behalf of the policyholder (investment-related services)
“insurance revenue”	insurance revenue arising from insurance contracts, excluding any investment components. For details, please refer to Note 2.3.1 to the Accountants’ Report set out in Appendix I
“insurance service expenses”	insurance service expenses arising from insurance contracts, excluding any investment components. For details, please refer to Note 2.3.1 to the Accountants’ Report set out in Appendix I
“insurance service result”	comprises insurance revenue, insurance service expenses and net expenses from reinsurance contracts held
“investment component”	amount that an insurance contract requires the Group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. Generally, for relevant contracts, surrender value would be determined as an investment component
“investment experience”	realised gains and losses, impairments and unrealised gains and losses on investments held at fair value through profit or loss
“LCSM”	local capital summation method
“life insurance market”	all business written under a life insurance licence in each of the individual markets
“lifetime value”	policyholder lifetime value is calculated by discounting the aggregate VNB of all life insurance purchases by a policyholder over his or her life to today’s value
“MCR”	minimum capital requirement

DEFINITIONS AND GLOSSARY

“MCV”	mainland Chinese visitors
“MDRT”	Million Dollar Round Table, a global professional trade association that recognises significant sales achievements while working to develop professional and ethical sales practices
“morbidity” or “morbidity rate”	incidence rates and period of disability, varying by such parameters as age, gender and period since disability, used in pricing and computing liabilities for accident and health insurance
“mortality” or “mortality rate”	rate of death, varying by such parameters as age, gender and health, used in pricing and computing liabilities for life and annuity products, which contain mortality risks
“net premiums”	life insurance premiums net of reinsurance premiums ceded to third-party reinsurers
“net underlying free surplus generation” or “net UFSG”	underlying free surplus generation, allowing for the free surplus used to fund new business; it excludes investment return variances and other items such as the impact of acquisitions, new partnerships and discontinued businesses, capital movements and impact of financing
“new business contractual service margin” or “new business CSM”	represents a component of the carrying amount of the asset or liability for a group of new insurance contracts issued during the relevant reporting period, representing the unearned profit that the Group will recognise as it provides insurance contract services under the insurance contracts in the Group
“new business margin”	VNB expressed as a percentage of APE for the relevant period
“new business sales”	new business sales volumes as measured by APE
“NPV”	no par value
“O2O”	collectively, online-to-online, online-to-offline and offline-to-online

DEFINITIONS AND GLOSSARY

“offshore”	(i) with respect to our Hong Kong business, an offshore policy is any policy where the policyholder does not have or disclose a Hong Kong identity card number and an offshore customer is any customer who does not have or disclose a Hong Kong identity card; and (ii) with respect to our Macau business, an offshore policy is any policy where the policyholder is not a resident of Macau and an offshore customer is any customer who is not a resident of Macau
“onshore”	(i) with respect to our Hong Kong business, an onshore policy is any policy where the policyholder has a Hong Kong identity card and an onshore customer is any customer who has a Hong Kong identity card, and (ii) with respect to our Macau business, any policy where the policyholder is a resident of Macau and an onshore customer is any customer who is a resident of Macau
“Pan-Asian insurer” or “Pan-Asian life insurer”	a life insurer competing in three or more FWD markets
“participating funds”	distinct portfolios where the policyholders have a contractual right to receive at the discretion of the insurer additional benefits based on factors such as the performance of the pool of assets held within the fund, as a supplement to any guaranteed benefits. The insurer may either have discretion as to the timing of the allocation of those benefits to participating policyholders or as to the timing and the amount of the additional benefits
“participating products” or “participating business”	contracts of insurance where the policyholders have a contractual right to receive, at the discretion of the insurer, additional benefits based on factors such as investment performance, as a supplement to any guaranteed benefits
“PCR”	prescribed capital requirement
“persistence”	the proportion of insurance policies remaining in force from month to month, as measured by the number of policies

DEFINITIONS AND GLOSSARY

“premium allocation approach”	simplified measurement of insurance contracts where the coverage period of each contract in the group of contracts is one year or less; or the Group reasonably expects that the resulting measurement of the liabilities for remaining coverage would not differ materially from the result of applying the accounting policies of contracts not measured under premium allocation approach
“PVNBP”	the present value of projected new business premiums
“RBC” or “risk-based capital”	a method of measuring the amount of capital appropriate for an insurance entity to support its overall business operations in consideration of its size and risk profile
“reinsurance”	the practice whereby a reinsurer, in consideration of a premium paid to it, agrees to indemnify another party for part or all of the liabilities assumed by the reinsured party under an insurance contract, which the reinsured party has issued
“renewal premiums”	premiums receivable in subsequent years of a multi-year insurance policy
“reserves”	liability established to provide for future payments of claims and benefits to policyholders net of liability ceded to reinsurers
“retrocession”	the reinsuring of reinsurance
“riders”	a supplemental plan that can be attached to a base insurance policy, typically with payment of additional premium; unless otherwise stated, riders include unit-deducting riders for which no premiums are received. The insurance coverage of unit-deducting riders is funded by deduction of units from account balances of underlying unit-linked and universal life contracts
“single premiums”	single premium policies of insurance are those that require only a single lump sum payment from the policyholder
“SME”	small and medium enterprise

DEFINITIONS AND GLOSSARY

“solvency”	the ability of an insurance company to satisfy its policyholder benefits and claims obligations
“Southeast Asia”	for purposes of market rankings included in this prospectus, Thailand, Cambodia, Philippines, Indonesia, Singapore, Vietnam and Malaysia
“STP”	straight-through-processing
“surrender”	the termination of a life insurance policy or annuity contract at the request of the policyholder after which the policyholder receives the cash surrender value, if any, of the contract
“Takaful”	insurance that is compliant with Islamic principles
“tied agent”	a sales representative who sells the products of one company exclusively
“TWPI” or “total weighted premium income”	consists of 10% of single premiums, 100% of first year regular premiums and 100% of renewal premiums across all business lines, before reinsurance ceded, and includes deposits and contributions for contracts that are accounted for as deposits in accordance with our accounting policies; it provides an indicative volume measure of transactions undertaken in the relevant period that have the potential to generate profits for the Shareholders
“underwriting”	the process of examining, accepting or rejecting insurance risks, and classifying those accepted, in order to charge an appropriate premium for each accepted risk
“value of new business” or “VNB”	present value, measured at point of sale, of future net-of-tax profits on a local statutory basis less the corresponding cost of capital. VNB is calculated quarterly, based on assumptions applicable at the start of each quarter
“variable fee approach” or “VFA”	modifies the general measurement model in IFRS 17 to reflect the nature of the income to the insurer is a variable fee

OVERVIEW OF THE GLOBAL OFFERING

Company	FWD Group Holdings Limited (富衛集團有限公司).
Global Offering	Global offering of initially 91,342,100 Offer Shares (excluding the Shares to be offered pursuant to the exercise of the Over-allotment Option) comprising the Hong Kong Public Offering and the International Offering.
Hong Kong Public Offering	9,134,300 Shares (subject to reallocation).
International Offering	82,207,800 Shares (subject to reallocation and the Over-allotment Option).
Over-allotment Option	Up to 13,701,300 additional Shares, representing not more than approximately 15% of the number of the Offer Shares initially being offered under the Global Offering, to be issued by our Company.
Market Capitalisation at Listing⁽¹⁾	Expected to be HK\$48,298 million.
Listing and Trading	Expected to commence on 7 July 2025.
Board Lot	100 Shares.

See “*Underwriting*” and “*Structure of the Global Offering*” for further details.

Note:

- (1) The calculation of market capitalisation is based on Shares expected to be in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised.

RESPONSIBILITY STATEMENT AND FORWARD-LOOKING STATEMENTS

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to the Group.

The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION AND REPRESENTATION

Our Company has issued this prospectus solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering.

This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should only rely on the information contained in this prospectus to make your investment decision.

Neither our Company nor any of the Relevant Persons has authorised anyone to provide you with any information or to make any representation that is different from what is contained in this prospectus.

No representation is made that there has been no change or development reasonably likely to involve a change in the Group's affairs since the date of this prospectus or that the information contained in this prospectus is correct as at any date subsequent to its date. In addition, no representation is made in relation to any local accounts published by the Group in the jurisdictions in which the Group operates, and these should not be relied upon by prospective investors, and may be inconsistent with the information contained within this prospectus.

RESPONSIBILITY STATEMENT AND FORWARD-LOOKING STATEMENTS

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. Neither our Company nor any of the Relevant Persons accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

REGISTER OF SHAREHOLDERS AND STAMP DUTY

Our principal register of members will be maintained by our principal registrar, Walkers Corporate Limited, in the Cayman Islands and our Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong.

All Offer Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on our Hong Kong register of members. Dealings in our Shares registered on our Hong Kong register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties, including statements based on our current expectations, assumptions, estimates and projections about us and our industry. All statements other than statements of historical fact contained in this prospectus, including, without limitation:

- (a) the discussions of our business strategies, objectives and expectations regarding our future operations, margins, profitability, liquidity and capital resources;
- (b) the future development of, and trends and conditions in, the insurance industry and the general economy of the countries in which we operate or plan to operate;
- (c) our ability to control costs;
- (d) the nature of, and potential for, the future development of our business; and
- (e) any statements preceded by, followed by or that include words and expressions such as “expect”, “believe”, “plan”, “intend”, “estimate”, “forecast”, “project”, “anticipate”, “seek”, “may”, “will”, “ought to”, “would”, “should” and “could” or similar words or statements,

as they relate to the Group or our management, are intended to identify forward-looking statements.

RESPONSIBILITY STATEMENT AND FORWARD-LOOKING STATEMENTS

These statements are based on assumptions regarding our present and future business, our business strategies and the environment in which we will operate. These forward-looking statements reflect our current views as to future events and are not a guarantee of our future performance. Forward-looking statements are subject to certain known and unknown risks, uncertainties and assumptions, including the risk factors described in “*Risk Factors*”, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These forward-looking statements include statements regarding, among other things, the following:

- changes in the laws, rules and regulations relating to our business operations;
- technological changes in the future;
- prevailing economic and market conditions in the markets in which we operate or plan to operate;
- changes or volatility in interest rates, foreign exchange rates or other rates or prices that may affect our operations and financial results;
- changes in population growth and other demographic trends, including mortality, morbidity and longevity rates;
- developments of our competitors and other competitive pressures within the insurance industry in which we operate;
- changes in consumer demand and preferences for the products and services we offer;
- our ability to maintain and expand our customer base efficiently;
- effectiveness of our ability to identify, measure, monitor and control risks in our business, including our ability to improve our overall risk profile and risk management practices;
- our ability to properly price our products and services and establish reserves for future policy benefits and claims;
- developments in our business strategies and business plans;
- our ability to successfully implement our strategy, growth and expansion; and
- our expectation regarding the use of the net proceeds from the Global Offering.

RESPONSIBILITY STATEMENT AND FORWARD-LOOKING STATEMENTS

Projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate is necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “*Risk Factors*” and elsewhere in this prospectus.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation, and undertake no obligation, to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or developments or otherwise.

As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

In this prospectus, statements of or references to our intentions or that of any of the Directors are made as at the date of this prospectus. Any of these intentions may change in light of future developments.

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An investment in the Shares involves a high degree of risk. Prospective investors should carefully consider the following risk factors, together with all the other information contained in this prospectus, before deciding whether to invest in the Shares. If any of the following events occurs or if these risks or any additional risks not currently known to us or which we now deem immaterial materialise, our business, financial condition, results of operations and our ability to meet our financial obligations could be materially and adversely affected. The market price of the Shares could fall significantly due to any of these events or risks, or such additional risks and you may lose your investment. The order in which the following risks are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on our business, financial condition, results of operations and prospects.

These factors contain possibilities that may or may not occur, and we are not in a position to express a view on the likelihood of any such possibility occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Responsibility Statement and Forward-Looking Statements.”

RISKS RELATING TO OUR BUSINESS

Our international operations subject us to additional risks which could have an adverse effect on our business, financial condition, and results of operations.

We operate across different geographic markets and political systems, and are required to comply with a wide variety of tax regimes, laws and regulatory requirements. In connection with our growth plans, we may also expand our geographic footprint and enter into new markets, through organic growth or acquisitions. We need to manage our extensive and growing operations in the markets and regions in which we operate across Asia, which exposes us to complexities in staffing and personnel management, currency exchange movements and controls, and the burden of complying with a wide variety of tax regimes, legal systems and regulatory requirements, which may be in conflict with each other. We may face, and have to manage, risks in relation to volatile macroeconomic trends, inflationary pressures, capital controls and other restrictions on the movement of currency into and out of countries and markets, and therefore between different Business Units.

For example, we continue to explore expansion opportunities into mainland China, including into the Greater Bay Area, which may subject us to additional risks relating to different legal, political, social and regulatory requirements and economic conditions in mainland China. If we expand our operations into mainland China, our exposure to these risks would increase. Also see “– While we currently have immaterial operations in mainland China, in the event these operations grow we would be subject to a greater extent than we currently are to uncertainties with respect to the laws and regulations of the PRC.”

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Furthermore, certain markets in which we operate, including some of our Emerging Markets, are rapidly developing economies and differ from the economies of most developed countries in material respects, including the macroeconomic challenges they face, the rapidly evolving nature of their financial and legal systems, and the extent of government involvement. Operating in these markets presents certain risks, including political and economic instability, social unrest, the inability to protect contractual or legal rights, market volatility and liquidity, high inflation, rapid demographic and market changes, evolving laws and regulations in respect of insurance, potential expropriation or nationalisation of property or assets, and comparatively underdeveloped legal, financial and enforcement systems. In some of our markets, there is also more limited reliable statistical data on which to base pricing or underwriting decisions for certain insurance products. These risks may increase our costs of doing business in these markets.

We cannot assure you that we will be able to execute our growth strategy successfully and manage all of the risks associated with operating and scaling up an extensive multi-country business with operations in many developing and rapidly growing countries and markets, and any failure to do so may affect our ability to obtain dividends from our Business Units which may have a material adverse effect on our business, financial condition, results of operations, and prospects.

Risks associated with multi-jurisdictional operations also include those arising from geopolitical uncertainties. For example, the United States has imposed sanctions on certain Chinese and Hong Kong individuals and companies, including prohibitions on investment by US persons in such companies. As of the date of this prospectus, we have not been specifically impacted by sanctions already imposed. However, the complexity of navigating sanctions and counter-sanctions continues to increase and represents a challenge for international businesses such as ours. Actions by the new administration in the United States, such as the broadening of sanctions or export controls, could lead to an escalation of tensions between the United States and China. We cannot predict when and where geopolitical tensions will escalate, and such uncertainty increases the long term complexity of legal and regulatory compliance, and presents potential risk, for our businesses across multiple jurisdictions. In addition, if further sanctions or export controls are imposed or taken, we cannot assure you that our customers, distributors, or partners will not be specifically impacted by such actions. As of the date of this prospectus, we are unable to predict the impact of these events on our business.

Geopolitical and political instability, market fluctuations and general economic conditions globally and in the markets in which we operate may materially and adversely affect our business.

Our business is subject to geopolitical and political instability, market fluctuations and general economic conditions globally and in the markets in which we operate. Such risks may result from the application of protectionist or restrictive economic and trade policies with specific markets; regulations and executive powers which increase trade barriers with specific markets or restrict trade, financial transactions, transfer of capital and/or investment

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with specific territories, companies or individuals which could impact on the macroeconomic outlook and the environment for global financial markets; international trade disputes such as the implementation of trade tariffs; the withdrawal from existing trading blocs or agreements; and measures favouring local enterprises, such as changes to the maximum level of non-domestic ownership by foreign companies or differing treatment of foreign-owned businesses under regulations and tax rules.

The global economy has experienced, and continues to experience, uncertainty brought on by geopolitical factors such as the new administration in the United States and its policies towards trade and other aspects of the relationship between the PRC and the United States, political instability and conflicts in Europe, the Middle East, South Asia, and various other parts of the Asia-Pacific region. For example, the conflict between Russia and Ukraine has resulted in the imposition by the United States and other nations of sanctions and other restrictive actions against certain banks, companies, and individuals in Russia. As of the date of this prospectus, we do not have any business operations in Russia or Ukraine which would expose us to any sanctions by the U.S. or other nations. Our Group's exposure to Russia and Ukraine, through our ordinary course investments or otherwise, is insignificant. Increased geopolitical tensions may also increase cross-border cyber activity and therefore increase cybersecurity risks, and may lead to civil unrest. These events have affected the monetary and fiscal policies of governments globally, and have resulted in substantial volatility of equity and debt markets, fluctuations in interest rates, currency exchange rates, capital flows and credit spreads, and higher inflation, as well as reducing market liquidity and global economic activity.

Further, trade policies and tariffs between nations may have significant economic implications. For example, commencing in February 2025 the current U.S. administration has announced increased tariffs on imports from various countries including, most significantly, China. U.S. tariffs on imports from China have escalated substantially, resulting in China imposing high retaliatory tariffs on imports from the United States. In addition, significant tariffs have been imposed on exports from countries that comprise a material part of our business, including Japan and countries in Southeast Asia, specifically, Vietnam, Thailand, Indonesia, Malaysia, the Philippines and Singapore. Other than a baseline tariff of 10%, several of the announced tariffs have been paused until July 2025 pending trade negotiations between those countries and the United States. It remains unclear whether additional new tariffs will be imposed by the U.S. government on imported goods and, if so, at what level and for how long. Other effects of such actions, including retaliatory tariffs and responsive actions from other nations, as well as potential renegotiation of international trade agreements, remain unpredictable. Given the nature of our business, we do not expect to be directly impacted by these tariff-related actions in the near term. However, unless resolved through trade negotiations, the U.S. government's tariff policies could have a material adverse effect on the economies of our key markets, resulting in lower growth and purchasing power. These developments could also have potential inflationary effects, affect global supply chains, and result in the reduction of manufacturing and export capacity and loss of employment in our key markets, having a material adverse effect on our customers and their willingness and ability to purchase insurance products or maintain existing policies

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with us. Tariff-related developments have disrupted, and could continue to disrupt, the equity and debt markets, and result in currency fluctuations. These factors affect our ability to manage our assets and liabilities and our investment portfolio, and could have a material adverse effect on our businesses, results of operations, financial condition, capital and liquidity.

Our business is also subject to the general political and economic conditions in our key markets, such as elections leading to regime change, legislative changes, reversal of regulations and policies, and social unrest, all of which could affect the political and regulatory environment, and general economic conditions, in these markets. These factors could result in a decline in demand for certain types of products and services that we offer, increased claims, lapses or surrenders of policies, and defaults in the payment of insurance premiums. Difficult macroeconomic conditions may also lead to decreased corporate earnings, default of issuers whose bonds we hold or reductions in the values of these bonds due to increased perceived risk of default and declines in the value of the equity securities in our investment portfolio, which may negatively impact our investment returns and asset valuations. In addition, our counterparties may fail to discharge their obligations to us if they face economic difficulties, and we may not be able to recover the losses resulting from such failure. Any of the above factors could have a material adverse effect on our business, financial condition and results of operations.

Intense competition in the segments of the insurance industry in which we operate in each of our markets could negatively affect our ability to attain or increase profitability.

Our competitors include established regional players, domestic insurance companies and local operating entities of large insurance groups as well as new entrants, such as digital insurers. The large insurance groups may have greater financial and other resources than we do, in addition to their large market shares and economies of scale. We also face competition from large domestic financial service providers in some of our markets that either have their own insurance subsidiaries or enter into co-operative arrangements with major insurance companies.

In addition, Southeast Asian life insurance markets are dominated by a relatively small number of large insurers. According to NMG, pan-Asian life insurers accounted for more than 70% of total individual new business premiums across our markets in Southeast Asia in 2023. Further concentration in the markets in which we operate may adversely affect our business, financial condition and results of operations.

In the future, we may face competition from technology companies in the markets in which we operate. There are various technology companies that have recently started operating in adjacent insurance categories that offer life and health insurance products. Technology companies may in the future begin operating and offering products that are better or more competitively priced than ours, which could cause us to lose market share and have a material adverse effect on our results of operations and financial condition. In

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addition, traditional insurance companies may seek to adapt their businesses to sell insurance and process claims using technology similar to ours. Given their size, resources, and other competitive advantages, they may be able to erode any market advantage we may currently have over them.

We also face competition from banks and other financial institutions that directly own insurance companies, and from smaller insurance companies that may develop strong positions in various market segments in which we operate. Our ability to compete is driven by several factors, including premiums charged and other terms and conditions of coverage, product features, investment performance, services provided, distribution capabilities, scale, experience, commission structure, brand strength and name recognition, information technology and actual or perceived financial strength. Such competition could have a material adverse effect on our business, financial condition and results of operations.

We and our Business Units are subject to extensive regulation as insurance companies, including monitoring and inspection of our financial soundness, which may restrict our business activities and investments and increase our cost of complying with such regulations.

We are subject to laws, rules and regulations across all aspects of our business. The primary purpose of insurance laws and related regulations is to protect policyholders, not debt holders, shareholders or insurers. Insurance laws and regulations place restrictions on the types of businesses that we and our Business Units may engage in, impose limits on the types of investments that we may make, and require us to maintain specified reserves and minimum solvency margin ratios. Furthermore, we and our Business Units are subject to extensive oversight and comprehensive regulation by the relevant regulators in each market in which we operate. Collectively, these regulators oversee our relevant operations in each of the insurance markets in which we operate and, as a result of such broad oversight, we are occasionally subject to overlapping, conflicting or expanding regulation across jurisdictions.

For instance, each country's insurance laws and regulations typically give the relevant regulator broad regulatory powers over us and our Business Units' businesses, including the authority to introduce new regulatory frameworks, impose additional requirements, investigate regulatory breaches, reprimand regulated entities publicly for compliance failures, impose fines, revoke operating licences, suspend operations, request information and conduct rigorous on-site inspections of books and records. In addition, we and our Business Units, in certain markets in which we operate, need to receive prior authorisation from our respective regulators for the sale of new insurance products or key changes in the terms of our products. Reorganisation of our corporate structure or a change in control is also subject to regulatory approvals.

We, and the businesses we have acquired or may acquire from time to time, are also subject to a wide range of anti-bribery, anti-money laundering ("**AML**") and sanctions laws and regulations as well as business conduct rules, in each of the jurisdictions in which we or such other businesses operate. Such laws and regulations may vary significantly from

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jurisdiction to jurisdiction, and may either impose obligations on our Group to act in a certain manner or restrict the way that we can act in respect of specified individuals, organisations, businesses, and governments. Our geographical diversification, including in some emerging markets, development of joint venture and partnering relationships and our employment of local agents in the markets in which we operate may increase our exposure to the risk of violations of anti-corruption laws or similar laws. We operate in some markets where, for example, large-scale agency networks may be in operation where sales are incentivised by commissions and fees, where there is a higher concentration of exposure to politically-exposed persons, or which otherwise have higher geopolitical risk exposure. While we seek to apply a culture of compliance and control, our policies and procedures may not be followed at all times or effectively detect and prevent violations of the applicable laws by one or more of our employees, consultants, agents or partners across our operations in multiple jurisdictions. In the case of MetLife Limited and Metropolitan Life Insurance Company of Hong Kong Limited (the predecessors of FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong)), these companies were reprimanded by the HKIA in January 2022 and were each subject to a penalty of HK\$3.5 million for certain non-compliances that occurred, and were remediated, prior to our acquisition of these companies in 2020. We were indemnified for the penalty and associated costs by the sellers of the respective companies.

Furthermore, some of the laws, rules and regulations to which we are subject are also relatively new. The interpretation, implementation and application of such relatively new laws, rules and regulations remain uncertain, and their impact on our Group may continue to evolve.

For instance, in Vietnam, the Law on Insurance Business, effective from 1 January 2023, transitioned the monitoring mechanism from the solvency margin to the capital adequacy ratio. However, the new mechanism will not be implemented until 1 January 2028, and detailed guidance on this change has yet to be issued. This shift will impact our business operations, financial condition, and results in Vietnam to varying extents.

In Indonesia, the OJK has recently issued OJK Circular No. 7/SEOJK.05/2025, which introduces, among others, a new maximum waiting period requirement applicable for health insurance products and the requirement for health insurance products to have features that allow coordination of benefits across multiple insurance providers. The regulation will take effect on 1 January 2026, with existing health insurance products required to be amended by 31 December 2026.

In Hong Kong, recently announced regulatory developments relating to participating products could adversely affect their attractiveness to customers and result in reduced sales unless offset by an increase in sales of existing or new products that we may introduce. In addition, industry discussions in Hong Kong regarding potential reforms of regulations governing intermediary commissions could result in increased sales in anticipation of stricter new regulations, which may affect sales during the period shortly following the implementation of any such new regulations.

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The Group manages these regulatory changes as part of its ordinary course of business, which may involve costs associated with amending product terms and conditions and/or business processes. See “*Regulatory Overview and Taxation*” for further details of the laws, rules and regulations that have a material impact on our Group’s business.

Changes to existing laws, rules, or regulations, their interpretation or implementation, or new laws, rules, or regulations or regulatory frameworks, may also impede or otherwise impact our use or development of AI technologies, impose additional requirements on our capital or strategic initiatives, or impair or otherwise affect our competitive position, which could result in a material adverse effect on our business, results of operations, and financial condition. Failure to comply with any applicable laws, rules and regulations and international prudential frameworks, including as a result of changes to rules and regulations or the changing interpretation thereof by relevant regulators, could result in fines, suspension of our business licences or, in extreme cases, business licence revocation, each of which could have a material adverse effect on our business, financial condition and results of operations.

New solvency standards may affect our capital position.

The International Association of Insurance Supervisors (the “IAIS”) has developed the Insurance Capital Standard (“ICS”), a risk-based capital framework that takes into account different risk factors in the assessment of the capital adequacy of Internationally Active Insurance Groups (“IAIGs”). We were identified by the HKIA as an IAIG in January 2023. The ICS was adopted by the IAIS in December 2024, after which implementation of the ICS across member jurisdictions is expected to take place over the course of 2026 and 2027 following appropriate assessment being carried out by the IAIS. The ultimate impact of the implementation of the ICS on our capital requirements remains uncertain, which also creates uncertainty with respect to the potential impact on our Group’s overall capital requirements and Group LCSM solvency position under the current GWS framework. The implementation of the ICS may accordingly have a material adverse effect on our business, financial condition and results of operations. For more details, see “*Regulatory Overview and Taxation – Laws and Regulations Relating to the Group’s Business and Operations in Hong Kong – Establishment and maintenance of fund(s) in respect of participating business – Incoming risk-based capital requirements.*”

On 1 July 2024, under the Insurance Ordinance (Chapter 41 of the Laws of Hong Kong), as amended by the Insurance (Amendment) Ordinance 2023, and its subsidiary legislation, the Risk Based Capital (“RBC”) regime commenced for authorised insurers in Hong Kong, which replaced the previous rules-based regime. The new regime is aligned with international regulatory requirements. Each of FWD Life (Bermuda), FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong) has early adopted the RBC regime in 2022 prior to its commencement. The implementation of this RBC regime in Hong Kong has and will continue to have a material impact on our Group’s capital positions. See “*Financial Information – Solvency and Capital – Group Capital Adequacy*” for details.

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In addition, we anticipate significant developments in solvency standards in certain jurisdictions. These developments will impact our capital positions and, as a result, could materially impact the nature of the products we offer and the investment strategies we adopt:

- The Bermuda Monetary Authority (“**BMA**”) has approved an application for FWD Life (Bermuda) to utilise a regulatory filing option to submit a modified filing under the RBC regime in Hong Kong for the year ended 31 December 2024, subject to compliance with certain conditions, ongoing compliance with the Bermuda and Hong Kong regulatory regimes and provision of any necessary supplementary information to the BMA. In connection with this, FWD Life (Bermuda) has received a direction from the BMA to modify certain filing requirements applicable to FWD Life (Bermuda) in relation to statutory capital and solvency statements and financial returns for the year ended 31 December 2024 under the Bermuda Insurance Act.
- Thailand implemented Risk Based Capital 2 (“**RBC 2**”), which became effective on 31 December 2019, and is considering further changes to risk-based capital standards that would increase the sufficiency level from 95% to 99.5% and would also change risk charge levels and components. It is contemplated that changes would be implemented gradually over time; however, the timeline for implementing such potential changes is not certain.
- In Japan, in October 2024, the JFSA announced proposed amendments to laws and regulations in relation to an economic value-based solvency regime and the use of internal models. Subsequently, in January 2025, the JFSA amended the proposed amendments along with the finalisation of the ICS, and it is expected that the JFSA will officially announce those additional amendments in the second half of 2025, with a target date of implementation from the fiscal year ending 31 March 2026. For details, see “*Regulatory Overview and Taxation – Laws and Regulations Relating to the Group’s Business and Operations in Japan – Solvency margin.*”
- In Macau, the Chief Executive 2024 policy address mentioned the commencement of a research project on an RBC framework for the Macau insurance industry, leading to an eventual drafting of relevant legislation to implement an RBC regime. Such research project is currently underway, with joint discussions between the regulator and the relevant stakeholders being held throughout 2024 and 2025. However, no final target has yet been set to finish the research and legislative process for such an implementation of the RBC regime in Macau. The Group continuously monitors the progress of this implementation of the RBC regime and its potential impact on the Group.

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We are also subject to the regulatory requirements and solvency standards in other markets in which the Group operates, which may evolve and are subject to change. For example:

- In Malaysia, Bank Negara Malaysia (“**BNM**”), the central bank of Malaysia, has initiated a multiphase review of its current RBC frameworks for insurers and takaful operators which has been conducted since 2019. The review aims to ensure that the frameworks remain effective under changing market conditions, facilitate consistent and comparable capital adequacy measurement across the insurance and takaful industry, where appropriate, and achieve greater alignment with key elements of the global capital standards such as ICS, where appropriate. An exposure draft on the RBC framework for insurers and takaful operators was issued on 28 June 2024 with responses due by 31 December 2024. This exposure draft sets out proposed regulatory requirements and guidance for determining the capital adequacy of insurers and takaful operators to ensure that the RBC framework is risk-sensitive and responsive to changes in market conditions and facilitates consistent and comparable capital adequacy measurement across the insurance and takaful industry, where appropriate.
- The Financial Services Authority of Indonesia (the Otoritas Jasa Keuangan or “**OJK**”) has been revising investment linked product regulations with the aim of increasing insurance penetration and better protecting customer interests and improving market conduct. As part of this revision process, OJK issued OJK Regulation No. 8 of 2024. Aside from reinforcing existing requirements for investment linked products, the regulation introduces additional planning and review requirements, and requires increased involvement of the product development committee of an insurance company for new insurance products, including investment linked products. These changes will have implications for the product strategies and insurance and compliance risks for insurers as the regulation takes effect on 29 October 2024.
- In Vietnam, the new Law on Insurance Business introduces a new concept on solvency of insurance companies. Specifically, it provides that an insurance company is fully solvent if it establishes technical reserves and fully meets the capital adequacy ratio. The capital adequacy ratio is based on the available capital and the risk-based capital. The Ministry of Finance is considering a risk-based capital model and has commenced drafting relevant regulations. We expect these regulations to be issued by the Ministry of Finance and take effect from January 2028.

We continue to examine the impact of new regulations, if any, on our business as a whole in the long term, and it is possible that they could affect the profitability of our products or amount of capital required. These regulations require interpretation and are subject to change. In order to comply with applicable capital requirements, or future changes to these requirements, we may need to raise or inject additional capital, which may

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affect the return on investment of our Shareholders. We may also need to change our business strategy, including the types of products we sell and how we manage our capital. Furthermore, compliance with capital requirements may either require us to slow the growth of our business or affect our ability to pay shareholder dividends. In addition, failure to make such adjustments to comply with capital requirements may affect our reputation or financial strength, which could in turn have a material adverse effect on our business, results of operations and financial condition. For details, see “*Regulatory Overview and Taxation.*”

Our business has evolved through a number of strategic transactions and the information presented in our financial statements may not be indicative of our future performance and prospects.

Historically, we have engaged in strategic transactions that have contributed to our business growth and geographic expansion. Additionally, we have undertaken the Reorganisation to unify the ownership structure of the Group and enhance its organisational efficiency, as well as to facilitate the Global Offering. See “*Financial Information – Basis of Presentation – Acquisitions, Investments and Discontinued Businesses*” and “*History, Reorganisation and Corporate Structure – Business Milestones*” in this prospectus for further details. To enable prospective investors to evaluate our results and performance as a combined group, we have prepared and presented in this prospectus consolidated financial statements included in the Accountants’ Report set forth in Appendix I to this prospectus, which have been prepared on the basis that, during this period, our Group was under the common control of Mr. Li, one of our Controlling Shareholders.

Our financial statements do not necessarily reflect what our financial condition, results of operations and cash flows would have been had we been operated as a consolidated group during the periods presented. Actual costs that may have been incurred if we had been a consolidated group would depend on a number of factors, including the chosen organisational structure, what functions were outsourced or performed by employees, and strategic decisions made in areas such as information technology and infrastructure.

In addition, our financial statements may not be indicative of what our results of operations, financial condition and cash flows will be in the future. For example, following the completion of the Global Offering, changes will occur in our cost structure, funding and operations, as well as increased costs and enhanced regulatory standards associated with operating as a public company. These changes may be material, further reducing the meaningfulness of our historical consolidated financial statements in evaluating our future financial condition and results of operations. Please also see “*Financial Information – Basis of Presentation*” and “*Financial Information – Factors and Trends Affecting our Results of Operations.*”

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Certain metrics and key performance indicators we present in this prospectus are based on a number of assumptions and methodologies and may vary significantly as those assumptions or methodologies change.

We have included in this prospectus data such as Group EV, APE, VNB and adjusted net UFSG, which are also included in the Actuarial Consultant's Report set forth in Appendix III to this prospectus. The calculation of these values is based on certain methodologies and necessarily includes numerous assumptions and estimates with respect to, among other things, industry performance, general business and economic conditions, investment returns, reserving standards, regulatory requirements relating to solvency ratios and policyholder values, taxation, life expectancy and other matters, many of which are beyond our control. Further, we make certain assumptions and estimates regarding, among other things, risk discount rates, investment yields, mortality rates, morbidity rates, lapse rates, expense assumptions, commissions, policy dividends, crediting rates and tax rates.

In addition, we have in the past changed, and may in the future change, our methodologies and assumptions from time to time. For example, at the end of 2023, we implemented revisions to our embedded value methodology and operating assumptions to better reflect our post-pandemic experience across markets, as well as market disruption in Vietnam. The revisions mainly relate to the strengthening of the persistency, morbidity, and mortality assumptions to reflect our most recent experience. While revising or updating actuarial methodology and operating assumptions is a routine aspect of the insurance industry, these revisions to methodology and operating assumptions indicate material differences when applied to our actual, as-reported APE, VNB and new business CSM for 2023. See *"Financial Information – Key Performance Indicators"* for details. We may revise or update actuarial methodology and operating assumptions in the future to better reflect market conditions and actual experience. Such revisions or updates may be material, resulting in material differences in future results and key performance indicators compared to our historical, as-reported performance. See *"Financial Information – Factors and Trends Affecting our Results of Operations"*.

Moreover, the values shown in the Actuarial Consultant's Report and in this prospectus do not encompass the full range of potential outcomes. The embedded value results are not intended to represent an opinion of market value and should not be interpreted in that manner. Actual market value is determined based on many factors. In particular, embedded value does not include the potential contribution arising from future new business which will depend on, among other things, the prospects of the Pan-Asian life insurance market, our future position in this market and the profitability of future new business. Further, the embedded value results are presented as of the valuation dates referenced in the Actuarial Consultant's Report. Except where otherwise stated in the Actuarial Consultant's Report, the figures stated therein and elsewhere in this prospectus as of any valuation date do not make allowance for any developments after such date. It should be recognised that methodologies, assumptions and estimates involve judgment and are forward-looking, actual future results may vary from those shown, on account of changes in the operating and

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economic environments and natural variations in experience and such differences may be material. We cannot assure you that future experience will be in line with the assumptions made or that our methodologies and assumptions will not change in the future.

Our success will depend on our ability to execute, and realise synergies from, our strategic initiatives.

As part of our business strategy, we may acquire additional businesses, assets and technologies, enter into new markets, undertake new key projects, develop new distribution channels that are complementary to our business, or dispose certain assets or businesses. See *“History, Reorganisation and Corporate Structure – Business Milestones”*, *“History, Reorganisation and Corporate Structure – Major Acquisitions and Disposals”* and *“Business – Distribution – Distribution Channels”* in this prospectus for further details.

We may face difficulties in conducting sufficient and effective due diligence on potential acquisition targets, and we may have to incur costs to remediate or address predecessor liabilities and incidences of contractual or regulatory non-compliance. In addition, we may not be able to complete, on time or at all, any subsequent acquisitions, investments or disposals due to a failure to obtain, or delays in obtaining, the required regulatory approvals or other reasons.

We may experience difficulties integrating, or incur higher than expected costs in relation to, our acquisitions, investments, distribution arrangements and partnerships into our business and operations. For example, we may experience difficulties in retaining employees and management teams of newly acquired businesses following a strategic transaction. The culture, working practices and management styles at newly acquired businesses may be different from that of our existing Business Units and management teams. As a result, we may experience significant challenges in workforce integration, which may adversely affect the performance of our existing employees and management personnel.

Integration of acquisitions, including consolidation of assets, services and infrastructure between our existing business and the acquired business, requires a substantial amount of management time, cost and other resources that may have to be diverted from our existing operations. We may also have to adapt our operating, governance and internal controls frameworks effectively to accommodate the transition and the new acquisitions, as well as to achieve integration goals that may be identified by regulators. Furthermore, we may experience challenges in integrating with our distribution partners' systems when providing our services. Failure to integrate our acquisitions or with our distribution partners effectively may divert management time and resources for a prolonged period of time, adversely affect the effectiveness of such distribution channels and the relationships with distribution partners, and have a material adverse effect on our business, financial condition and results of operations.

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In connection with any disposal of assets or businesses we may undertake from time to time, we may contractually agree or be otherwise legally required to indemnify the purchaser of such assets or businesses we dispose of, including in respect of liabilities that are unknown or contingent at the time of such disposals. We may be exposed to potential significant liability on account of these indemnities, including in connection with or as a result of any claims or proceedings brought against us. Any actual liability incurred by us in connection with any such disposals may have a material adverse effect on our business, financial condition and results of operations. In addition, we may suffer reputational harm or other negative consequences as a result of any acts or omissions on the part of, or negative media coverage about, any of the purchasers of the assets or businesses we dispose of.

We may in the future undertake other strategic initiatives to streamline and simplify the Group's shareholding structure and to optimise potential outcomes for Shareholders. We may from time to time restructure our business and corporate structure, including, for example, transferring operating entities within the Group, as well as partial or full sales, mergers, carve-outs and spin-offs of businesses or assets. We may also choose to pursue dual primary or secondary listings, as well as listings of our subsidiaries in other international financial centres. While we do not have any specific plans with respect to any such initiatives as of the Latest Practicable Date, we will continue to explore the optimal structure and set-up for our various businesses and may consider pursuing one or more of such strategic initiatives after the Listing, in compliance with all applicable laws and regulations, including the Listing Rules and any applicable third-party consents. If we are unable to execute our strategic initiatives successfully in accordance with planned schedules, and are unable to capture projected benefits, there could be a material adverse effect on our business, financial condition, results of operation and prospects.

Our financial condition and results of operations could be adversely affected if we are unable to successfully manage our growth.

Our future growth may place significant demands on our managerial, operational and capital resources. The expansion of our business activities exposes us to various challenges, including:

- continuing to expand, train and retain our agency force, while maintaining costs and productivity at optimal levels;
- continuing to expand our bancassurance, brokerage and other networks and upgrade the underlying technology and front and back-end support to meet expanding distribution needs;
- continuing to develop adequate underwriting and claims settlement capabilities and skills;
- recruiting, training and retaining management personnel with proper experience and knowledge; and

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- strengthening and expanding our risk management and information technology systems to effectively manage the risks associated with existing and new lines of insurance products and services and increased marketing and sales activities.

We cannot assure you that we will manage our growth successfully. In particular, we may not be able to recruit, train and retain a sufficient number of qualified agents or other personnel, or replace agents and other personnel who have been terminated or have otherwise departed with sufficiently qualified and experienced replacements, to keep pace with the growth of our business.

Reinsurance maybe unavailable at current levels and prices, which may limit our ability to underwrite new business and impact the economics of in-force business, and subject us to counterparty risk and may not be adequate to protect us against losses.

We reinsure a portion of the risks that we assume under our insurance products to multiple international and local reinsurers to manage our insurance risk, maintain our capital position within our risk appetite limits and leverage the reinsurers' knowledge for our product development. We also obtain reinsurance for capital management purposes. To reduce our reinsurance concentration risk, we use various leading international and local reinsurers. We select our reinsurers based on their financial strength, services and terms of coverage, claims settlement efficiency and price. In addition to using external reinsurers, we have also established FWD Reinsurance, a Cayman-incorporated captive reinsurance company, for capital optimisation and profit enhancement. FWD Reinsurance accepts business ultimately from FWD Japan. Such an arrangement is common market practice which provides reserving, capital and tax relief, as well as retaining profits within the Group. We have also entered into various arm's length arrangements with Swiss Re, the intermediate parent company of Swiss Re PICA, one of our Shareholders, and Athene Annuity Re, a subsidiary of one of our Shareholders, to reinsure certain products.

Our ability to obtain reinsurance on a timely basis and at a reasonable cost is subject to a number of factors, many of which are beyond our control. In particular, certain risks that we are subject to, such as epidemics and war risks, are difficult to reinsure. If we are unable to renew any expiring external reinsurance coverage or to obtain acceptable new external reinsurance coverage, our net risk exposure could increase or, if we are unwilling to bear an increase in net risk exposure, the amount of risk we are able to underwrite and the breadth of our product offerings could decrease. To the extent that we are unable to utilise external or captive reinsurance effectively, for example because of changes in tax treatment or due to changes in regulatory views on acceptability of reinsurance arrangements, our business, financial condition and results of operations may be materially and adversely affected. Alternatively, we could elect to pay higher than reasonable rates for reinsurance coverage, which could have a material adverse effect upon our profitability until policy premium rates could be raised, in most cases subject to approval by our regulators, to offset this additional cost. We also cannot guarantee that we would be able to obtain these required approvals to raise our policy premium rates. We also receive commissions from reinsurance arrangements which may subject us to uncertainty of tax implications in certain

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jurisdictions, and we cannot guarantee that we will succeed in defending our positions if such disputes arise. In addition, we may from time to time enter into retrocession reinsurance arrangements, which could subject us to additional risks relating to the quality of the ceded reinsurance portfolio.

Additionally, we are also exposed to credit risk with respect to reinsurers in all lines of our insurance business. Although our reinsurance counterparties are liable to us according to the terms of the reinsurance arrangements, we remain liable to our policyholders as the direct insurers on all risks reinsured. As a result, reinsurance does not eliminate our obligation to pay all claims, and we are subject to the risk that one or more of our reinsurers will be unable or unwilling to honour their obligations, that the reinsurers will not pay in a timely fashion, or that our losses are so large that they exceed the limits inherent in our reinsurance contracts, limiting recovery. Reinsurers may also become financially unsound by the time that they are called upon to pay amounts due, which may not occur for many years, in which case we may have no legal ability to recover what is due to us under our agreement with such reinsurer. Any disputes with reinsurers regarding coverage under reinsurance contracts could be time consuming, costly, and uncertain of success. If our reinsurers fail to pay us on a timely basis, or at all, our business, financial condition and results of operations may be materially and adversely affected.

We may continue to face complexities and challenges as a result of the adoption of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments, which have materially changed the measurement of insurance contracts and financial assets, as well as the presentation of the related financial information.

We adopted International Financial Reporting Standards (“IFRS”) 17, Insurance Contracts and IFRS 9, Financial Instruments, effective 1 January 2023. The Group has applied IFRS 9 and IFRS 17 consistently across the Track Record Period, including the year ended 31 December 2022.

The IFRS 17 Insurance Contracts standard has replaced the previous IFRS 4 Insurance Contracts standard and has materially changed the recognition and measurement of insurance contracts and the corresponding presentation and disclosures. IFRS 17 provides the general model which is based on a discounted cash flow model with a risk adjustment and deferral of unearned profits, supplemented by a variable fee approach for contracts that provides both insurance coverage and investment related service, and a premium allocation approach that applies to short-duration contracts. Insurance revenue is no longer measured by premium, but recognised by the provision of services to policyholders throughout the term of the insurance contracts. The IFRS 17 basis requires the Group to measure insurance contracts using current estimates and assumptions that are updated to be consistent with relevant market information, and that reflect the timing of cash flows and the uncertainty relating to the insurance contracts.

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The IFRS 9 Financial Instruments standard has replaced the previous International Accounting Standards (“IAS”) 39 Financial Instruments: Recognition and Measurement. The new standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 is based on the concept that financial assets should be classified and measured at fair value, with changes in fair value recognised in profit and loss as they arise (“FVPL”), unless restrictive criteria are met for classifying and measuring the asset at either amortised cost or Fair Value Through Other Comprehensive Income (“FVOCI”). IFRS 9 eliminates impairment assessment requirements for investments in equity instruments because they now can only be measured at FVPL or FVOCI without recycling of fair value changes to profit and loss, while establishing a new approach for debt instruments, loans and receivables, including trade receivables, that are measured at amortised cost or FVOCI – an “expected credit loss” (“ECL”) model that focuses on the risk that a loan or receivable will default rather than whether a loss has been incurred. IFRS 9 allows more exposures to be hedged and establishes new criteria for hedge accounting that are somewhat less complex and more aligned with the way that entities manage their risks than under IAS 39. See “Financial Information – Basis of Presentation – Implementation of IFRS 17 and IFRS 9” for details.

While we have been implementing the changes required by IFRS 17 and IFRS 9 since 1 January 2023, we may continue to face complexities and challenges as a result of evolving practices and interpretations of these standards by industry participants. This includes the local adoption and implementation of IFRS 17 and IFRS 9 in some of the markets in which we operate, where we are currently required or will be required to comply with evolving local accounting and reporting standards and the related tax implications including potential changes in tax laws.

Concentrated surrenders may materially and adversely affect our business, financial condition and results of operations.

Under normal circumstances, it is generally possible for insurance companies to estimate the overall amount of surrenders in a given period. However, the occurrence of emergency or macroeconomic events that have significant impact, such as sharp declines in customer income due to a severe deterioration in economic conditions, changes in relevant government and regulatory policies, loss of customer confidence in the insurance industry due to the weakening of the financial strength of one or more insurance companies, or the severe weakening of our financial strength, or misconduct by our distribution partners such as our bancassurance partners, agents, brokers or IFAs, may trigger a large volume of surrenders of insurance policies.

For instance, throughout 2023 and 2024, the insurance market in Vietnam experienced increased surrenders and a significant slowdown of new business on account of a fall in customer confidence following widespread mis-selling of insurance products, particularly in the bancassurance channel by local banks, which led to industry-wide inspections conducted by the relevant authorities into such mis-selling and sanctions which were imposed on a number of insurers in Vietnam (including an immaterial fine, and a three-month

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suspension of sales of two regular pay unit-linked products through the bancassurance channel, on FWD Vietnam). Amid tightening regulatory scrutiny and a fall in customer confidence, the insurance market in Vietnam may not experience a reversal of the effects of the surrenders experienced in 2023 and 2024 for the remainder of 2025. In addition, misconduct or collusion by our insurance agents in the markets in which we operate may result in a higher lapse rates than anticipated. See “– Agent, broker, employee, distribution partner or other parties’ misconduct, underperformance or negative media coverage could harm our reputation or lead to regulatory sanctions or litigation against us.”

Further, in 2019, the Food and Health Bureau launched the Voluntary Health Insurance Scheme (“**VHIS**”) in Hong Kong with the goal of creating minimum standards for certified individual medical insurance plans and giving consumers greater transparency and tax benefits. Although we are one of the registered providers under VHIS, as VHIS offers an alternative to existing medical insurance products, it has resulted in a decrease in persistency of our existing products which are replaced with VHIS products. We expect this effect to reduce over time as the replacements are completed. However, any future introduction of other new medical insurance products similar to VHIS products may result in a decrease in persistency and surrenders of our existing products.

If significant and concentrated surrenders were to occur, in particular above the levels we have assumed in our actuarial models, the value that we expect to generate from our in-force policies would be adversely impacted and we would have to dispose certain of our investment assets, possibly at unfavourable prices, in order to make the significant amount of surrender payments. This could materially and adversely affect our business, financial condition, and results of operations.

As a holding company, we depend on the ability of our subsidiaries and associates to transfer funds to us to meet our obligations and pay dividends. Our subsidiaries’ and associates’ remittance of capital depends on their earnings, regulatory requirements and restrictions and macroeconomic conditions.

Our Company is a holding company and does not conduct any significant business operations of its own. Our Company depends on dividends, other distributions and payments from our operating subsidiaries and associates, and its ability to pay dividends and other obligations is dependent on the flow of funds from and among our operating subsidiaries and associates.

Our operating subsidiaries and associates are subject to a variety of insurance and other laws and regulations that vary by jurisdiction and are intended to protect policyholders and beneficiaries in that jurisdiction first and foremost, rather than investors. We are a regulated insurer in Hong Kong, Macau, Thailand, Cambodia, Japan, the Philippines, Indonesia, Singapore, Vietnam, Malaysia, Bermuda and the Cayman Islands and may only pay dividends if we are able to meet the applicable legal requirements and requirements of the relevant regulators and supervisors in these jurisdictions. Our regulated subsidiaries and associates are generally required to maintain solvency and capital standards as set by their

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local regulators and may also be subject to other legal and regulatory restrictions, including having adequate retained earnings and compliance with risk-based capital requirements, all of which may limit their ability to pay dividends or make distributions to us. See “– *New solvency standards may affect our capital position.*” In addition, the ability of our operating subsidiaries and associates to pay us dividends in the future will also depend on their earnings, their ability to generate surplus capital, as well as macroeconomic conditions and other local regulatory requirements and restrictions, including exchange controls and economic or trade sanctions. We cannot assure you that our operating subsidiaries and associates will be able to make dividend payments, other distributions and payments in amounts sufficient to meet our cash requirements or to enable us to pay any dividends.

We do not wholly or directly own our businesses in some jurisdictions, which entails certain risks.

We do not wholly own our businesses in Malaysia and Indonesia. In Malaysia, we own an equity interest of 70.0% in FWD Takaful, a family takaful operator offering family takaful products. We also hold, with local investors, an effective interest in 70% in FWD Life Malaysia, a life insurance company in Malaysia. While we are the largest shareholder in each of FWD Takaful and FWD Life Malaysia (together with local investors), the respective minority shareholders have certain protective rights, whether contractually or pursuant to applicable local laws and regulations, or may have economic or business interests or goals that are not consistent with ours, or may, as a result of financial or other difficulties, be unable or unwilling to fulfil their obligations as minority shareholders. For example, a minority shareholder could decide to sell its shares in the business in breach of any applicable pre-emptive rights, prevent us from acquiring full control of the business or oppose our proposals and other actions relating to strategic transactions and other matters, such as mergers, acquisitions, disposals, financings and commercial partnerships. Additionally, any disagreements or disputes between us and the minority shareholders in any of these businesses may lead to litigation, harm our reputation or prevent us from exercising control over or achieving our strategic or financial goals for such business. Any of these events could adversely affect the operation, performance and growth prospects of, or dilute the value of and return on our investment in, these businesses. Additionally, if the minority shareholders fail to make their share of capital contributions to support the growth strategy in relation to these businesses, the growth of these businesses might be adversely affected, or we may have to make additional capital contributions that exceed our equity interests in these businesses. In addition, the presence of minority shareholders may limit our ability to pay dividends and meet other obligations. Thus, our ability to control the operations and to pay dividends and meet other obligations in relation to these businesses are subject to contractual and other obligations. For details, see “*Regulatory Overview and Taxation.*”

In Indonesia, we own an equity interest of 44.0% in BRI Life. Presently, Bank BRI is the largest shareholder in BRI Life. As we own a minority interest in BRI Life, we cannot assure you that the majority shareholder’s strategies or goals in relation to BRI Life will be consistent with ours, or that the majority shareholder will not exercise its votes in relation to its majority stake to make decisions that do not align with our business or economic interests in BRI Life.

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Furthermore, in certain markets in which we operate, in compliance with local laws and regulations, we have entered into and may enter into shareholders' agreements and other contractual arrangements containing customary provisions which enable us to exercise controlling voting rights in our local subsidiaries in such markets. Relevant laws, regulations or policies may change in such markets, including a change in their application or interpretation, which may result in a change to the existing structure of our existing or future local subsidiaries and associates in these markets and our ability to exercise effective control over them.

Our success depends on retaining our existing customers and expanding our customer base.

We have experienced customer and policyholder growth. From 31 December 2022 to 31 December 2024, our individual policyholder base increased by a CAGR of 4.0%. This includes organic new individual policyholders of 1.1 million, 1.0 million and 1.1 million for 2022, 2023 and 2024, respectively. See "*Business – Customers – Customer Segments*" for further details. While we strive to build life-long partnerships with our customers by making the customer journey easy and seamless, we cannot assure you that we will be able to maintain the rate of growth that we have experienced in recent years, successfully retain our existing customers, attract new customers or capture long-term value from our customers.

There are many factors that could negatively affect our ability to grow our customer base, business or scale, including:

- we fail to offer new or competitive products;
- our distribution partners fail to grow their customer base or achieve sale targets;
- we experience a deterioration of our financial strength including any change in our credit ratings;
- our digital platform experiences disruptions, including as a result of hacking, malware or other unauthorised or malevolent activity;
- we are unable to address customer concerns regarding the content, privacy, and security of our digital platform;
- technical or other problems frustrating the customer experience, particularly if those problems prevent us from generating quotes or paying claims in a fast and reliable manner;
- we suffer reputational harm to our brand resulting from negative publicity, whether accurate or inaccurate;

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- customers have difficulty installing, updating or otherwise accessing our digital apps or eCommerce platform on mobile devices or web browsers as a result of actions by us or third parties;
- our competitors successfully implement their own digital platform or mimic ours, causing current and potential customers to purchase their insurance products instead of our products;
- we fail to effectively use search engines, social media platforms, digital app stores, content-based online advertising, and other online sources for generating traffic to our eCommerce platform and our digital apps;
- we fail to target customer segments that meet our underwriting requirements in a particular market or generally; or
- we fail to expand geographically.

Our inability to overcome these challenges to continuously respond to changes in customer demand and preferences to remain competitive, and to grow our business and maintain our market position, could have a material adverse effect on our business, operating results and financial condition. Further, any new products and services we launch may involve risks and challenges we do not currently face, may require us to devote significant financial and management resources and may not perform as well as expected. We may also have difficulty in anticipating customer demand and preferences, and our products may not be accepted in the market. Our success will depend, in part, on our ability to identify, develop and adapt to new trends and respond to technological advances and emerging industry standards and practices. We cannot assure you that we will be successful in these efforts.

Our risk management and internal control systems may be inadequate or ineffective in identifying or mitigating the various risks to which we are exposed.

We have established risk management and internal control systems consisting of organisational frameworks, policies, procedures and risk management methods that we believe are appropriate for our business operations, and we seek to continue to improve these systems, initiatives and measures to address the potential material weaknesses in these systems.

However, due to the inherent limitations in the design and implementation of risk management and internal control systems, including identification and evaluation of risks, internal control variables and the communication of information, we cannot assure you that such systems will be able to identify, mitigate and manage all exposures to risks.

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Our risk management methods have inherent limitations, as they are generally based on statistical analysis of historical data as well as the assumption that future risks will share similar characteristics with past risks. We cannot assure you that such assumptions are an accurate prediction of future events. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our financial disclosure and other obligations required by relevant regulations and reporting requirements, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our Shares. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting risk, regulatory investigations, and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

In addition, our internal control over financial reporting will not prevent or detect all errors and fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, we cannot assure you that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected. Furthermore, our financial systems are not fully automated and some of our financial controls still require manual intervention and are therefore susceptible to human error. To the extent we use information technology systems to support our financial controls, these systems need regular maintenance and upgrades to handle the expansion in information as we expand our existing operations and acquire new businesses. Our historical data may also need to be updated to unwind errors identified from time to time. If we fail to carry out these maintenance or upgrades, our risk management methods and techniques may not be effective in alerting us to take timely and appropriate measures to manage our risks.

Our risk management and internal controls also depend on the proficiency of and implementation by our employees. We cannot assure you that such implementation will not involve any human error or mistakes, which may materially and adversely affect our business, financial condition and results of operations.

We incurred net losses in 2022 and 2023, and have incurred expense overruns during the Track Record Period, and may not achieve or maintain profitability in the future.

In 2023, we recorded a net loss of US\$717 million and a net loss attributable to Equity Holders of the Company (non-IFRS measure) of US\$733 million, respectively, compared to a net loss and a net loss attributable to Equity Holders of the Company (non-IFRS measure) of US\$320 million in 2022, under IFRS 17, which was mainly driven by adverse capital market movements from declining equity markets across our major markets. The higher net loss in 2023 was mainly due to the investment losses on disposal of financial investments related to the Athene Reinsurance transaction in Japan, which accounted for US\$505 million of loss before tax. In 2024, we recorded a net profit of US\$10 million and a net profit attributable to

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Equity Holders of the Company (non-IFRS measure) of US\$24 million, primarily due to the impact from higher new business CSM, positive capital market movements and better expense management. We may record net losses in future periods as we continue to grow our business scale and presence and incur related costs, or due to macroeconomic factors or events.

We have a history of expense overruns, which is typical for a life insurance company in the early growth stages. We monitor our expense overruns against our expense assumptions, which we set based on a long-term view of our expenditures and historical operating experience, including acquisition and maintenance activities by the reporting segments, and other product-related costs that drive up our spending. In line with our business strategy, we expect to continue making investments to further develop and expand our business, such as by investing in further digitalisation across all our distribution channels. We continue to enhance our finance, investment, and corporate governance functions for ongoing compliance with public company reporting requirements. These efforts and investments may be more costly than we expect and our revenue may not increase sufficiently to offset the expenses, which may result in continued or increased expense overruns and net losses. Accordingly, we may not achieve or maintain profitability and we may continue to incur net losses in the future.

A failure to understand, manage and provide greater transparency of our exposure to environmental, social and governance (ESG) related risks may have increasingly adverse implications for us and our stakeholders.

ESG-related risks may directly or indirectly impact our business and the achievement of our strategy and consequently those of our key stakeholders, which range from customers, institutional investors, employees and suppliers, to policymakers, regulators, industry organisations and local communities. A failure to transparently and consistently implement our ESG strategy across operational, underwriting and investment activities may adversely impact our financial condition and reputation and may negatively impact our stakeholders, who all have expectations, concerns and aims related to ESG matters, which may differ, both within and across the markets in which we operate. In our investment activities, our stakeholders increasingly have expectations of, and place reliance on, an approach to responsible investment that demonstrates how ESG considerations are effectively integrated into investment decisions and the performance of fiduciary and stewardship duties. These duties include effective implementation of exclusions, voting and active engagement decisions with respect to investee companies, as both an asset owner and an asset manager, in line with internally defined procedures and external commitments. For more information on our group-wide ESG strategy, see “*Business – Environmental, Social and Governance Matters.*”

The pace and volume of ESG-related regulatory changes are increasing. Regulators are also in the process of developing supervisory and disclosure requirements or guidelines related to environmental and climate change risk management. Other regulators are expected to develop or are at different stages of developing similar requirements. While the

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HKIA has yet to propose any insurance-specific regulations on sustainability and climate, it has regularly emphasised its increasing focus in this area in order to support Hong Kong's position as a regional green finance hub. International regulatory and supervisory bodies, such as the International Sustainability Standards Board and Task force on Nature-related Disclosures, are progressing on global sustainability and nature- and climate-related disclosure requirements. International and local regulatory and industry bodies are beginning to establish principles and standards with regard to the use of sustainability and ESG nomenclature in the labelling of investment products. These changes and developments may give rise to regulatory compliance, customer conduct, operational, reputational and disclosure risks requiring us to coordinate across multiple jurisdictions in order to apply a consistent risk management approach.

Market conditions, failure to meet our financial and operating targets, including growth of our customer base, and other factors could materially and adversely affect our intangible assets, including in respect of the goodwill and distribution rights recorded in our balance sheet, which in turn could materially and adversely affect our business, results of operations or financial condition.

Business and market conditions may impact the amount of intangible assets, including in respect of our distribution rights and goodwill, such as our goodwill arising in respect of our acquired insurance businesses, as well as distribution rights in respect of our exclusive bancassurance and distribution arrangements, which we carry in our consolidated balance sheet in relation to our business. To the extent that market and economic conditions deteriorate, or any distribution arrangements are expected to be discontinued, the recoverable amount of such intangible assets will be adversely affected, and reaching the conclusion that the recoverable amount exceeds carrying value will, over time, become more difficult. As a result, subsequent impairment tests may occur more frequently and be based on more negative assumptions and future cash flow projections, and may result in an impairment of intangible assets, including in respect of the goodwill and distribution rights recorded in our balance sheet. An impairment may result in a material change to our earnings, which would materially and adversely affect our business, results of operations or financial condition. Because the value of our intangible assets may be significantly impacted by such factors as the state of the financial markets and ongoing operating performance, significant deterioration or prolonged weakness in the financial markets or economy generally, or our failure to meet financial and operating targets, or our distribution partners failing to grow their customer base, could adversely impact impairment testing and also may require more frequent testing for impairment. Any impairment would reduce the amount of intangible assets recorded, with a corresponding charge to earnings, which could be material. Our net book value of intangible assets was US\$3,207 million, US\$3,154 million and US\$3,085 million as of 31 December 2022, 2023 and 2024, respectively, of which US\$1,529 million, US\$1,535 million and US\$1,507 million is attributable to goodwill arising in respect of our acquired insurance businesses as of 31 December 2022, 2023 and 2024, respectively, and US\$1,543 million, US\$1,473 million and US\$1,439 million is attributable to distribution rights arising in respect of our exclusive bancassurance and distribution arrangements as of 31 December 2022, 2023 and 2024, respectively.

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We rely on the experience and expertise of our senior management team, key technical and operations employees and other highly skilled personnel and sales force, and a lack of ability to attract, motivate and retain talented professionals may adversely affect our business, financial condition and results of operations.

The success of our business is dependent in part on our ability to attract and retain key personnel and sales force, including management personnel, technical operations personnel, agents and distribution partners, who have in-depth knowledge and understanding of the insurance markets in which we operate. In a few of the insurance markets in which we operate, we are also required by law to hire a minimum percentage of domestic talent or recruit local personnel for certain key roles. We cannot assure you that we will be able to attract and retain qualified personnel or that our senior management or other key personnel will not retire or otherwise leave us at any time.

We face competition to attract and retain agency leaders, individual agents, as well as sales representatives in our bancassurance and brokerage distribution channels. We compete with other companies for the services of agents on the basis of our reputation, product range, compensation, training, support services and financial position. Further, access to the bancassurance and brokerage distribution channels is subject to similar competition. Our arrangements with such distribution partners may not be on an exclusive basis, with our products and services being distributed along with those of our competitors. Even for partnerships with exclusivity, our partners would still have ways to terminate their contracts with us if we fail to provide competitive products. Any adverse movement in any of these factors could inhibit our ability to attract and retain adequate numbers of qualified agents and adversely affect our ability to maintain the effectiveness of such distribution channels and develop relationships with other distribution partners.

Increasing competition for experienced individual insurance agents from insurance companies and other business institutions may also force us to increase the compensation of our agents, which would increase operating costs and reduce our profitability. Furthermore, we cannot assure you that we will be able to maintain these relationships at an acceptable cost or at all. To the extent we are unable to maintain our existing distribution relationships or secure new distribution relationships, we may not be able to maintain or increase our new business premiums, which may materially and adversely affect our business, financial condition and results of operations.

We also depend on the sound underwriting, product development, risk control, business development and actuarial expertise of our senior management, investment managers and other key employees. The competition for qualified technical, sales and managerial personnel in the insurance sector in the markets in which we operate is challenging. To attract top talent, we have to offer, and believe we will need to continue to offer, competitive compensation and benefits packages. We may also need to increase our employee compensation levels in response to competitor actions. If we are unable to hire new employees quickly enough to meet our needs, or otherwise fail to effectively manage

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our hiring needs or successfully integrate new hires, our efficiency, ability to meet forecasts, productivity and retention could suffer, which in turn could have an adverse effect on our business, results of operations and financial condition.

Our business depends on a strong brand, and any failure to maintain and enhance our brand would hurt our ability to grow our business, particularly in new markets where we have limited brand recognition.

We have developed a strong brand that we believe has contributed significantly to the success of our business. Maintaining and enhancing the “FWD” brand and our other brands is critical to growing our business, particularly in new markets where we have limited brand recognition. If we do not successfully build and maintain a strong brand, our business could be materially affected. Maintaining and enhancing the quality of our brand may require us to make substantial investments in areas such as marketing, community relations and employee training. We actively engage in advertisements, targeted promotional mailings and email communications, and engage on a regular basis in public relations and sponsorship activities. These investments may be substantial and may fail to encompass the optimal range of traditional, online and social advertising media to achieve maximum exposure and benefit to the brand. If we fail to maintain or, in newer markets, establish, a positive reputation concerning our brand, we may not be able to attract or retain customers as well as agents and distribution partners, and, as a result, our business, financial condition or results of operations may be adversely affected.

Our brand names and intellectual property are valuable to us and we may not be successful in protecting them.

We have invested and expect to continue investing significant resources in establishing our brand names, brand visual identities and our marketing and technology intellectual property. Our success is dependent in part on protecting our intellectual property rights and technology (such as source code, information, data, processes and other forms of information, know-how and technology). We rely on a combination of copyrights, trademarks and contractual restrictions to establish and protect our intellectual property. While we take precautions designed to protect our intellectual property, including through contracts with third parties to protect our intellectual property rights, we cannot assure you that these contracts will fully safeguard our intellectual property rights or that our competitors and other unauthorised third parties will not copy our technology and use our proprietary brand, content and information to create or enhance competing solutions and services. In addition, we may not be able to protect the “FWD” and other brand names, which could reduce the value associated with them, erode any competitive advantage and materially harm our business and our prospects of profitability. The validity, enforceability and scope of protection of intellectual property rights may vary across the jurisdictions in which we operate, and we may not be successful in enforcing these rights. Accordingly, we

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may not be able to adequately protect our intellectual property rights. If we are unable to protect our brand names and other intellectual property rights from infringement, our competitive position may also be undermined, and we may suffer material losses and harm to our reputation.

We currently hold various domain names relating to our brand in all the markets in which we operate, including *fwd.com*. Failure to protect our domain names could adversely affect our reputation and brand and make it more difficult for users to find our eCommerce platform and our online applications. We may be unable, without significant cost or at all, to prevent third parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of our trademarks and other proprietary rights.

In addition, while we take care to ensure that we do not infringe on third parties' intellectual property rights or breach the terms of any licence of intellectual property granted by third parties, we cannot assure you that we will not face infringement claims brought by third parties, which may have a material adverse effect on our business and financial condition.

We may be required to spend significant resources in order to monitor and protect our intellectual property rights, and some violations may be difficult or impossible to detect. Litigation to protect and enforce our intellectual property rights could be costly and time-consuming to management and could result in the impairment or loss of portions of our intellectual property. Our efforts to enforce our intellectual property rights may be met with defences, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorised copying or use could impair the functionality of our platform, delay introductions of enhancements to our platform, result in our substituting inferior or more costly technologies into our platform or harm our reputation or brand. We may be required to license additional technology from third parties to develop and market new offerings or platform features, which may not be on commercially reasonable terms or at all and could adversely affect our ability to compete.

Epidemics, pandemics, and catastrophic events could materially and adversely affect our business, financial condition and results of operations.

The threat of epidemics and pandemics, including the COVID-19 pandemic and policies implemented by governments to deter the spread of the disease, has had and may continue to have an adverse effect on consumer confidence and the general economic conditions to which we or the third parties upon whom we rely to service our customers are subject. In particular, our business has been affected by the COVID-19 pandemic for a portion of the Track Record Period. The pandemic and related measures taken to contain the spread of the virus, such as government-mandated business closures and travel restrictions, negatively affected the global economy, including the economies of the markets in which we operate. Border controls and travel restrictions, such as those imposed in Hong Kong in 2022, had an adverse effect on our new business sales from mainland Chinese visitors (“**MCVs**”) and other

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customers and thereby reduced our offshore policy contracts. Any resurgence of pandemic conditions, whether as a result of the COVID-19 virus or new strains, or infectious diseases such as mpox (in respect of which the World Health Organisation declared a global health emergency in August 2024), could result in market shutdowns and travel restrictions, impact our ability and that of our distributors and other partners to conduct business, and have a material adverse effect on our business, financial condition, and results of operations.

International tensions in many parts of the world, terrorism, ongoing and future military and other actions, heightened security measures in response to these threats, natural disasters (including tsunamis and earthquakes), climate change or other catastrophes may cause disruptions to commerce, reduced economic activity and high market volatility. Our insurance businesses expose us to claims arising out of such events, in particular to the risk of catastrophic mortality or morbidity, such as an epidemic or other events that cause a large number of claims or increase in reserves and capital requirements. In accordance with IFRS, we do not establish reserves for catastrophes in advance of their occurrence, and the loss or losses from a single catastrophe or multiple catastrophes could materially and adversely affect our business, financial condition and results of operations. Although we carry reinsurance to reduce our catastrophe loss exposures, due to limitations in the relevant terms of our reinsurance contracts and the underwriting capacity limits in the reinsurance market, as well as difficulties in assessing our exposures to catastrophes, this reinsurance may not be sufficient to protect us adequately against loss.

Our failure to understand and respond effectively to the risks associated with corporate governance could adversely affect us.

A failure to maintain high standards of corporate governance may adversely impact us and our customers, staff and employees, through poor decision-making and a lack of oversight of our key risks. Poor governance may arise where key governance committees have insufficient independence, a lack of diversity, skills or experience in their members, or unclear (or insufficient) oversight responsibilities and mandates. Inadequate oversight increases the risk of poor senior management behaviours. We operate across multiple jurisdictions and have a group and subsidiary governance structure which may add further complexity to these considerations. Participation in joint ventures or partnerships where we do not have direct overall control and the use of third-party distributors and agents increases the potential for reputational risks.

Our failure to understand and respond effectively to certain social changes could adversely affect our achievement of our strategies.

Social risks that could impact our results of operations, financial condition and prospects may arise from a failure to consider the rights, diversity, well-being, and interests of people and communities in which we or the third parties that we cooperate with, operate. These risks are increased as we operate in multiple jurisdictions with distinct local cultures and considerations. As an employer, we are also exposed to the risk of being unable to attract, retain and develop highly skilled employees, which may increase if we do not have in

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place responsible working practices or fail to recognise the benefits of diversity or promote a culture of inclusion. The potential for reputational risk extends to our supply chains, which may be exposed to factors such as poor labour standards and abuses or allegations of abuses of human rights. Emerging population risks associated with public health trends (such as an increase in obesity) and demographic changes (such as population urbanisation and ageing) may affect customer lifestyles and therefore may impact claims against our insurance product offerings. In addition, we are exposed to heightened social and ethical risks as we are increasingly focused on data analytics, technologies and distribution channels for a broadening range of products and services, such as the use of machine learning and AI technologies.

If our employees and tied agents were to engage in a strike or other work stoppage or interruption, our business, results of operations, financial condition and liquidity could be materially adversely affected.

Although we believe that our relations with our employees and tied agents are good, if disputes with our employees and/or tied agents arise, or if our employees and/or tied agents engage in a strike or other work stoppage or interruption, we could experience a significant disruption of, or inefficiencies in, our operations or incur higher labour costs, which could have a material adverse effect on our business, results of operations, financial condition and liquidity. In addition, our employees in Japan are represented by a labour union.

Involvement of members of our management, our directors, and entities with which they are affiliated in civil disputes, criminal proceedings, litigation, government or other investigations or other actual or alleged misconduct, whether related or unrelated to our business affairs, may be detrimental to our reputation and/or have an adverse effect on the price of our securities.

Members of our management team, our directors, and entities with which they are affiliated have been, and in the future may be, involved in a wide variety of businesses and other activities. As a result of such involvement, members of our management, our directors, and entities with which they are affiliated may become involved in civil disputes, criminal proceedings, litigation, governmental or other investigations or other actual or alleged misconduct relating to their affairs, whether related or unrelated to our Company. Any such development, including any negative publicity related thereto, may be detrimental to our reputation and have an adverse effect on the price of our securities.

While we currently have immaterial operations in mainland China, in the event these operations grow we would be subject to a greater extent than we currently are to uncertainties with respect to the laws and regulations of the PRC.

The Group does not currently sell any insurance products or operate an insurance business in mainland China that is subject to regulation by any insurance regulator in the PRC. We currently have non-substantive operations in mainland China, which comprise only the maintenance of a representative office and the provision of shared services to the Group

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through two PRC-incorporated subsidiaries. The representative office serves the purpose of maintaining a presence in mainland China, and the shared services primarily consist of certain IT and support services. These functions are not material to the Group.

If we commence business and customer facing operations in mainland China, whether as a result of organic growth or any future acquisition, or if the laws and regulations as they apply to our existing operations in mainland China change, we could become subject to a greater extent than we currently are to the laws and regulations of the PRC. Some of these laws and regulations are evolving, and some degree of uncertainty exists in connection with their applicability and how they will be interpreted and enforced. This uncertainty is exacerbated by the fact that precedents regarding the interpretation, implementation and enforcement of PRC laws and regulations are of limited value for decisions, since higher court decisions in the PRC do not necessarily have binding effect on lower courts. In addition, the implementation of laws and regulations in the PRC may be in part based on government policies and internal rules that are subject to the interpretation and discretion of different government agencies, some of which are not published on a timely basis or at all, and some of which may have a retroactive effect. As a result, we may not be aware of a violation of these policies and rules until after the violation, which would expose us to the risk of enforcement action, litigation, penalties or other sanctions. For example, uncertainties exist as to the applicability of the data security related laws and regulations. See “– *Risks Relating to Legal and Regulatory Matters – Our failure to comply with data privacy, cyber and data security laws and regulations in our geographic markets could have a material adverse effect on our business, financial condition and results of operations*” for details. If we become subject to PRC data privacy, cyber and data security laws and regulations, we would be required to comply with certain PRC data security and privacy obligations, including the need potentially to conduct a national security review of data activities that may affect the national security of the PRC, and being prohibited from providing data to foreign judicial or law enforcement agencies without approval from relevant PRC regulatory authorities. Furthermore, any litigation or enforcement action in the PRC, regardless of outcome, may be protracted and result in substantial costs and diversion of resources and management attention.

In addition to data security, relevant organs of the PRC government have made recent statements or recently taken regulatory actions related to anti-monopoly and overseas listings of mainland China businesses. For example, relevant PRC government agencies have recently taken antitrust enforcement action against certain mainland China-based businesses. We understand that such enforcement action was taken pursuant to the PRC Anti-Monopoly Law which applies to monopolistic activities in domestic economic activities in mainland China and monopolistic activities outside mainland China which eliminate or restrict market competition in mainland China. In addition, in February 2023, the China Securities Regulatory Commission (“**CSRC**”) promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Interim Measures**”) and five supporting guidelines, which came into effect on 31 March 2023, pursuant to which PRC domestic companies that seek to offer and list securities in overseas markets are required to fulfil the filing procedure

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with the CSRC and report relevant information. Since we do not have any substantive operations in mainland China and are not a PRC domestic company, we believe that these recent statements or regulatory actions should not have any material adverse impact on our ability to conduct business, accept foreign investments, or list on the Stock Exchange. However, there is no guarantee that this will continue to be the case. Should such statements or regulatory actions be held to apply to us, it would likely have a material adverse impact on our business, financial condition and results of operations, our ability to accept foreign investments and our ability to offer or continue to offer securities to investors, any of which may cause the value of the Shares to significantly decline.

We are subject to the risk of potential adverse policy changes and other risks associated with offshore insurance coverage.

The Group's operations in Hong Kong (and Macau) have historically benefited from selling insurance products to MCVs. In 2022, 2023 and 2024, US\$42 million, US\$204 million and US\$264 million of APE and US\$18 million, US\$100 million and US\$109 million of VNB were attributable to our sales from MCVs. As of 31 December 2024, approximately 60,000 of the Group's policyholders were MCVs, representing 1.0% of the Group's total policyholders, and 1.1% of the Group's total in-force policies were attributable to MCVs. Our new business sales from MCVs grew 6.3 times from 2022 to 2024, with new business sales from MCVs in 2023 and 2024 exceeding those in 2019 before the outbreak of COVID-19 pandemic. While new business sales from MCVs as well as payment of renewal premiums by MCVs have shown steady recovery post-COVID-19 pandemic, there remains uncertainty due to stricter capital controls in mainland China. If the relevant regulators introduce additional capital controls or make any other adverse policy changes, whether as a consequence of geopolitical factors or otherwise, new business sales from MCVs, and our business operations and financial performance, particularly in Hong Kong (and Macau), will be adversely affected.

RISKS RELATING TO CREDIT, COUNTERPARTIES AND INVESTMENTS

Compliance with solvency ratio and capital requirements in the various markets in which we operate may force us to raise additional capital, change our business strategy or reduce our growth.

We and our Business Units are required to maintain solvency ratios at a level in excess of minimum regulatory requirements. The solvency ratio of our Group and each of our Business Units is affected primarily by the volumes and types of new insurance policies sold, the composition of in-force insurance policies and investments, and the regulatory capital requirements in each jurisdiction. The solvency ratio is also affected by a number of other factors, including the profit margin of our products, returns on our assets and investments, interest rates, underwriting and acquisition costs, and policyholder and shareholder dividends. For details, see "*Regulatory Overview and Taxation*."

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In order to comply with applicable solvency and capital requirements in each jurisdiction, we may need to raise or inject additional capital in our Group or Business Units. As a result of group-wide supervision under the GWS framework, we are subject to additional oversight by the HKIA, which we expect will require additional changes to our approach to Group capital adequacy and funding sources over time. For more details, see “*Regulatory Overview and Taxation – A. Regulatory Overview – Laws and Regulations Relating to the Group’s Business and Operations in Hong Kong – Framework for group-wide supervision of certain insurance groups*” and “*Financial Information – Solvency and Capital – Group Capital Adequacy*.” We may also need to change our business strategy, including the types of products we sell and our capital management. Finally, compliance with solvency and capital requirements may require us to slow the growth of our business in some jurisdictions or affect our ability to pay shareholder dividends, which could have a material adverse effect on our business, financial condition and results of operations.

Failure to manage our liquidity and cash flows may materially and adversely affect our financial condition and results of operations.

Liquidity in the insurance industry primarily relates to the ability of an insurer to generate sufficient cash from its business operations, including its investment portfolio, to satisfy its obligations under its insurance policies and its other financial commitments. Historically, we have funded our liquidity requirements primarily using cash generated by our operating activities, bank borrowings, and funds raised from issuing debt and equity securities.

In addition, during the Track Record Period, we recorded significant operating cash inflows (such as cash premiums and fee income) and used such inflows to, among other operating activities, make investments in a wide variety of financial instruments in the ordinary course of our insurance business. In particular, we have been actively managing down excess liquidity through purchases of financial investments, which may outweigh the cash premiums and fee income received for the insurance products we issue. During the Track Record Period, we made a concerted effort to invest higher amounts of liquidity as a core part of our investment strategy to increase our operating profits. Therefore, while our business generated positive cash inflows, the deployment of those cash inflows to make ordinary course financial investments resulted in net cash used in operating activities of US\$391 million in our consolidated statement of cash flows for 2022. In 2023 and 2024, we reported net cash provided by operating activities of US\$629 million and US\$526 million, respectively.

After the Global Offering, we expect that our liquidity requirements will be satisfied primarily through cash generated by our operations, borrowings from third parties, dividends and distributions from our operating subsidiaries, and funds raised from issuing debt and equity securities, together with the net proceeds we receive from the Global

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Offering. See “*Financial Information – Liquidity and Capital Resources*” for further details. We cannot assure you that we will be able to manage our liquidity and cash flows in a sustainable manner or that future financing will be available in amounts or on terms acceptable to us, if at all.

In addition, our liquidity is affected by the frequency and severity of policy surrenders, withdrawals, maturities, claims and guarantees under our insurance contracts. In particular, our life, general and medical insurance products expose us to the risk of unexpected cash demands in the event that a catastrophic event, such as epidemics or other events that increase mortality or morbidity, lead to a large number of claims, surrenders and early terminations by our policyholders. We seek to manage our catastrophe loss exposure through reinsurance arrangements and we also seek to reduce the likelihood of surrenders and early terminations through in-force product management and adjusting the prices of our products based on regular reviews of persistency experience. Over the Track Record Period we have not experienced any failure of meeting capital or solvency requirements in the regions in which we operate, nor have we received any formal request from regulators to strengthen our capital position for any of our operating entities. However, there is no assurance that we will be able to withstand the liquidity pressures posed by catastrophic events, the timing and effect of which are inherently unpredictable. The occurrence of one or more of such events could have a material and adverse effect on our business, financial condition and results of operations.

We may not be able to obtain financing from external sources in a timely manner, in amounts or on terms which are commercially acceptable.

We may require additional financing if we incur operating losses or for the future growth and development of our business, including any investments or acquisitions we may decide to pursue. If our financing is insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, and liquidity of the international capital and credit markets. The capital and credit markets have experienced, and may experience, varying degrees of volatility and disruption. In some cases, the markets have exerted downward pressure on the availability of liquidity and credit capacity for certain issuers. We need liquidity to pay our operating expenses, interest expenses and to capitalise our insurance subsidiaries. Liquidity may also be consumed by any increase in required contributions to our captive reinsurance. Without sufficient liquidity, we could be required to curtail our operations and our business would suffer. In addition, following the Global Offering, we expect we will need to rely in part on the capital markets and third-party lenders for future funding and refinancing. While we expect that our future liquidity needs will be satisfied primarily through the net proceeds of the Global Offering, cash generated by our operations, borrowings from third parties and dividends and distributions from our subsidiaries, it is possible that the level of cash and securities we maintain when combined with expected cash inflows from investments and operations will not be adequate to meet our anticipated short-term and long-term benefit

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and expense payment obligations. If current resources are insufficient to satisfy our needs, we may need to access financing sources such as bank debt or the capital markets. The availability of additional capital or financing would depend on a variety of factors, such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, interest rates, credit spreads, our credit ratings and credit capacity, as well as the possibility that our Shareholders, customers or lenders could develop a negative perception of our long- or short-term financial prospects if we incur large investment losses or if the level of our business activity decreases due to a market downturn. Similarly, our access to funds may be rendered more costly or impaired if rating agencies downgrade our ratings or if regulatory authorities take certain actions against us. If we are unable to access capital markets to issue new debt, refinance existing debt or sell additional shares as needed, or if we are unable to obtain such financing on acceptable terms, our business could be adversely impacted.

Volatile market conditions, such as those experienced during the Track Record Period due to uncertainties in the macroeconomic environment, may in the future limit our ability to raise additional capital to support business growth, or to counter-balance the consequences of losses or increased regulatory reserves and rating agency capital requirements. In addition, a significant rise in benchmark interest rates such as the increases experienced in 2022 and 2023, including in SOFR or equivalent rates, would lead to higher financing costs for additional debt or refinancing existing debt. A significant increase in interest rates could force us to (i) delay raising capital, (ii) miss payments on our debt or reduce or eliminate dividends paid on our shares, (iii) issue capital of different types or under different terms than we would otherwise, or (iv) incur a higher cost of capital than would prevail in a more stable market environment. This would have the potential to decrease both our profitability and our financial flexibility.

We cannot assure you that we will be able to obtain financing in the future in a timely manner, in amounts or on terms which are commercially acceptable, or at all. In particular, future financing, if obtained, could include terms that restrict our financial flexibility or restrict our ability to manage our business freely, which may adversely affect our business and results of operations. Any debt financing secured by us in the future could require that a substantial portion of our operating cash flow be devoted to the payment of interest and principal on such indebtedness, which may decrease available funds for other business activities, and could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities.

If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to support our business growth, maintain minimum amounts of risk-based capital and to respond to business challenges could be significantly limited, and our business, results of operations and financial condition could be adversely affected.

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Our substantial indebtedness could materially and adversely affect our business, results of operations or financial condition.

Historically, we have relied on indebtedness to fund working capital, to finance acquisitions and for our other funding requirements. As of 30 April 2025, we had US\$2,786 million of borrowings (including US\$989 million of indebtedness from bank borrowings, US\$318 million from the issuance of medium term notes, and US\$1,479 million from the issuance of subordinated notes and subordinated dated capital securities). In addition, as of 30 April 2025, we had outstanding perpetual securities in a nominal amount of US\$950 million and carrying value of US\$759 million. We may incur more indebtedness in the future, subject to the terms of our debt agreements. For example, we may issue additional notes and/or capital securities in the future pursuant to our global medium-term note and capital securities programme including prior to the completion of the Global Offering (including shortly after the Latest Practicable Date) or shortly after the completion of the Global Offering to extend our debt maturity and expected redemption profile. Any such incurrence of additional indebtedness may increase the risks created by our level of indebtedness.

Our level of indebtedness could have important consequences for holders of the Shares and significant effects on our business and future operations. If we fail to meet our payment obligations or otherwise default under the agreements governing our existing indebtedness, the applicable lenders or note holders under our indebtedness will have the right to accelerate such indebtedness and exercise other rights and remedies against us. Additionally, while we were able to complete two bond issuances totalling US\$1.5 billion and refinance our existing bank loan in 2024, we may in the future be limited in our ability to obtain additional financing or refinancing, if needed, to fund our working capital requirements, capital expenditures, debt service, general corporate or other obligations, including our obligations with respect to existing indebtedness. If we are unable to comply with our existing and/or future indebtedness obligations and other agreements, there could be a default under those agreements. If that occurs, lenders could terminate their respective commitments to lend to us or terminate their respective agreements, and holders of our debt securities could accelerate repayment of debt and declare all outstanding amounts due and payable, as the case may be. If any of these events occurs, our assets and cash flows may not be sufficient to repay in full all of our indebtedness and we may not be able to find alternative financing. Even if we are able to obtain alternative financing, it may not be on terms that are acceptable to us.

A downgrade in our financial strength and claims-paying ratings or any actual or perceived reduction in our financial strength could adversely affect our business, results of operations or financial condition.

Claims-paying and financial strength ratings are important factors in establishing the competitive position of insurance companies. They indicate the rating agencies' opinions regarding an insurance company's ability to meet policyholder obligations and are important to maintaining public confidence in our products and our competitive position. A downgrade in our ratings could adversely affect our business, results of operations or financial condition

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by, among other things, reducing new sales of our products, increasing surrenders and withdrawals from our existing contracts, possibly requiring us to reduce prices or take other actions for many of our products and services to remain competitive, or adversely affecting our ability to obtain reinsurance or obtain reasonable pricing on reinsurance. Our business, results of operations, financial condition, liquidity, statutory capital or rating agency capital position could be materially and adversely affected by disruptions in the financial markets. In August 2023, our Company was assigned inaugural investment grade credit ratings from Fitch Ratings Ltd. (“**Fitch**”) at an issuer default rating of “BBB+”, with a stable outlook, which was subsequently affirmed in June 2025. Moody’s Investors Service Limited (“**Moody**”) also assigned us an issuer rating of “Baa2”, with a positive outlook in August 2023, which was subsequently affirmed in July 2024. See “*Financial Information – Indebtedness – Ratings.*” Any downgrade to our ratings is likely to increase our borrowing costs and limit our access to the capital markets and could be detrimental to our business relationships with distribution partners. A downgrade in our ratings may also adversely affect our cost of raising capital or limit our access to sources of capital. In addition, in the case of a downgrade in our credit ratings, our customers may not be able to obtain premium financing to purchase certain of our products. We may face additional downgrades as a result of the Global Offering or future sales of our shares by our Controlling Shareholders. As rating agencies continue to evaluate the financial services industry, it is possible that they will heighten the level of scrutiny that they apply to financial institutions, increase the frequency and scope of their credit reviews, request additional information from the companies that they rate and potentially adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels. For example, as the insurance industry has recently adopted the IFRS 17 standard, the rating agencies’ methodologies may continue to evolve. It is possible that the outcome of any review of us by the rating agencies would have additional adverse ratings consequences, which could have a material adverse effect on our business, results of operations or financial condition. We may need to take actions in response to changing standards or capital requirements set by any of the rating agencies which could cause our business and operations to suffer. We cannot predict what additional actions rating agencies may take, or what actions we may take in response to the actions of rating agencies.

Policyholders’ and other counterparties’ confidence in the financial strength of an insurance company, as well as in the financial services industry generally, is an important factor affecting our business. Any actual or perceived reduction in our financial strength, a significant reduction in the solvency ratio of one or more of our Business Units or a downgrade in our credit ratings could have a material adverse effect on our business, financial condition and results of operations. These effects could include, among others, increased policy surrenders, an adverse effect on new sales, increased pricing pressure on our products and services, increased borrowing costs, loss of support from distributors and counterparties such as reinsurers and an adverse impact on our ability to generate new business. The occurrence of any of these events may materially and adversely affect our business, financial condition and results of operations.

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We are subject to the credit risk of our counterparties, including the issuers or borrowers whose securities or loans we hold and our trade debtors.

We have monetary and securities claims under transactions against reinsurers, brokers, other debtors and third parties. These parties include the issuers whose securities are held by us, borrowers whose loans we hold, customers, trading counterparties, counterparties under credit default swaps and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. Issuers or borrowers whose securities are held by or who have entered into loans with us may not fulfil their obligations to pay scheduled interest or principal payments on such securities or loans, while third-party trade debtors may not pay amounts outstanding in respect of our accounts receivable. In addition, our reinsurance providers may be unable or unwilling to fulfil their contractual obligations related to the liabilities we cede to them which could lead to an increase in policy liabilities. Failure to recover such amounts or governmental action involving these obligations may have a material adverse effect on our business, financial condition and results of operations.

In 2023 and 2024, the continued distress in the China real estate sector resulted in significant bankruptcy filings and debt restructurings such as Country Garden's inability to meet its offshore payment obligations as of October 2023, Wanda Group's asset sale in December 2023 in order to meet its debt obligations, and the approval by the Hong Kong High Court of a winding up petition in respect of Evergrande Group in January 2024. In 2023 and 2024 we have further reduced our already low exposure to the China real estate sector. Our exposure to the China real estate sector was 0.2% of our investment portfolio as of 31 December 2024, and, as of that date we had no exposure to China's local government financing vehicles. Accordingly, factors affecting the China real estate sectors have not had a material effect on our results of operations and financial condition.

Our investment portfolio is exposed to the risk of losses, volatility and illiquidity.

Our investment portfolio is comprised primarily of debt securities. As of 31 December 2024, our investment portfolio (excluding unit-linked investments) was US\$41.9 billion. Events or developments that have a negative effect on any particular industry, asset class, group of related industries, country or geographic region may have a greater negative effect on our investment portfolio to the extent our portfolio is concentrated in such industry, asset class, group of related industries, country or geographic region. These types of concentrations in our investment portfolio increase the risk that, in the event we experience a significant loss in any of these investments, our business, financial condition and results of operations would be materially and adversely affected.

Our exposure to credit risk arises mainly from our investment in fixed income or debt securities and the amounts payable by our reinsurance partners. As of 31 December 2024, 79.2% of our total investment portfolio (excluding unit-linked investments) was composed of fixed income investments. The global fixed income markets declined significantly in 2022 as yields rose, and global interest rates experienced movements throughout 2023 and 2024. The uncertain policy environment in the United States, including with respect to US

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monetary policies, continues to affect the geopolitical environment and market sentiment, and may contribute to a volatile interest rate environment in 2025 and beyond. Any further decline or volatility in fixed income markets could adversely affect the value of our fixed income investments. In addition, the value of our fixed income securities portfolio could be affected by changes in the credit rating of the issuers of the fixed income securities we hold and by changes in credit spreads in the bond markets. In addition, issuers or our reinsurance partners may default on principal, reinsurance payable or interest payments to us and our rights against them may not be enforceable in all circumstances. Changes in our exposure to credit risk will also affect our solvency levels, capital position, reserving level and therefore our ability to comply with the supervisory capital level and our individual target capital level. Further, we may not be able to identify and mitigate credit risks successfully.

Equity and other alternative investments, including private equity investments, are subject to volatility in prices based on market movements, which can affect returns. As of 31 December 2024, investments in equity securities and interests in investment funds represented 14.1% of our total investment portfolio (excluding unit-linked investments). The global equity markets declined in 2022, but recovered again in 2023 and 2024. Any further decline or volatility in equity markets could adversely affect the value of our equity investments. In particular, given the tenor of our investment portfolio, the return on our long-term equity investments, which we consider an important profitability driver, is more susceptible to long-term volatility in the equity markets. Difficult economic conditions could also prevent companies in which we have made private equity investments from achieving their business plans and could cause the value of these investments to fall, or even cause the companies to fail. The timing and amount of investment income from private equity investments is difficult to predict, and investment income from these investments can vary from quarter to quarter. If our investment-linked funds underperform their respective benchmarks, report negative performance or the value of the underlying investments falls as a result of a decline in equity markets or otherwise, we may experience a decrease in new business and an increase in surrenders and be placed in a disadvantageous position as compared to our competitors.

In addition, there may not be a liquid trading market for some of our investments. For instance, our alternative investments include private equity investments which are inherently long-term and illiquid. As of 31 December 2024, we had unlisted equity securities investments of US\$4.2 billion, representing 71.4% of our investments in equity securities (excluding unit-linked investments). Such unlisted equity securities are mainly managed by dedicated managers. The fair values of unlisted private equity funds are based on the reported net assets value in their audited financial statements, considering various factors including the accounting policies adopted by the investees, the restrictions and barriers preventing the Group from disposing of the investments, our percentage over the investee and other relevant factors. See *“Financial Information – Discussion of Major Items in the Consolidated Statements of Financial Position – Consolidated Statements of Financial Position as of 31 December 2024, 2023 and 2022 – Investment Portfolio – Equity Securities and Interests in Investment Funds”* for further details. Liquidity may be affected by numerous factors, including the existence of suitable buyers and market makers, market sentiment and

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volatility, the availability and cost of credit and general economic, political and social conditions. Our ability to dispose of certain securities without significantly depressing market prices, or at all, may be limited. If we are required to dispose of investment assets on short notice, whether as a result of cash outflows due to policyholder withdrawals or for other reasons, we may suffer investment losses. See “– *We could be forced to sell investments to meet our liquidity requirements.*”

If our investment strategies are ineffective in the future and we fail to achieve our target investment return, our VNB, EV and earnings may be adversely impacted. Aside from concentration in certain assets possibly affecting our investment returns, we may experience significant losses from the performance of our investment portfolio due to events at the macro-economic level. Adverse market conditions can also lead to a reduction of the distributable surplus relating to our participating products, which may result in some payments to policyholders, such as bonuses or dividends, being decreased or not paid. A decrease in investment return could also affect our total equity. Although the accounting mismatch under the Group’s current accounting policies has been mitigated after the implementation of IFRS 17, thereby reducing volatility in shareholder equity and earnings under IFRS 17, the sensitivity of our total equity to market risk factors may remain affected by accounting mismatches between the measurement of insurance contract liabilities and changes in the fair value of assets.

Furthermore, a decrease in investment income may reduce the value of our assets under management, leading to a reduction in the fees we receive from our investment-linked business. This could in turn reduce our profits and cash flows and have an adverse effect on our business, financial condition and results of operations.

Our reputation could suffer if we are unable to maintain and grow our investment portfolio. Any damage to our reputation, resulting from poor or inconsistent investment performance can impair our ability to maintain or grow our business. Any of the above factors, alone or in combination, may materially and adversely affect our business, financial condition and results of operations.

We are subject to the risk of potential sovereign debt credit deterioration owing to the amounts of sovereign debt obligations held in our investment portfolio.

We hold significant amounts of local currency and foreign currency denominated sovereign debt obligations in our investment portfolio and consequently are exposed to the direct or indirect consequences of political, social or economic changes (including changes in governments, heads of state or monarchs) in the countries in which the issuers of such debt are located and to the creditworthiness of the sovereign. Within our policyholder and shareholder investments, we held government bonds, primarily issued by governments in Asia, with a carrying value of US\$17.1 billion as of 31 December 2024, representing 51.5% of the carrying value of our total policyholder and shareholder investments. In particular, we held Thai government bonds issued in Thai Baht with a carrying value of US\$12.2 billion as of 31 December 2024, which carry a lower credit rating than the other government bonds in our

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investment portfolio. Sovereign debt ratings determine the ratings of corporate bonds in several of our markets, including Thailand, the Philippines and Indonesia, and most corporate bonds issued in these markets are below investment grade on an international rating scale. We intend to continue to include certain non-investment grade securities in our investment portfolio if we find such investment opportunities attractive and appropriate.

Investment in sovereign debt obligations involves risks not present in debt obligations of corporate issuers and in particular creates exposure to the consequences of political, governmental, social or economic changes in the countries in which the issuers are located and the creditworthiness of the sovereigns. In addition, the issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or pay interest when due in accordance with the terms of such debt, and we may have limited recourse to compel payment in the event of a default. A sovereign debtor's willingness or ability to repay principal and to pay interest in a timely manner may be affected by, among other factors, its cash flow situation, its relations with its central bank, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the sovereign debtor's policy toward local and international lenders, and the political constraints to which the sovereign debtor may be subject.

Moreover, governments may use a variety of techniques, such as intervention by their central banks or imposition of regulatory controls or taxes, to devalue their currencies' exchange rates, or may adopt monetary and other policies (including to manage their debt burdens) that have a similar effect, all of which could adversely impact the value of an investment in sovereign debt even in the absence of a technical default. Periods of economic uncertainty may affect the volatility of market prices of sovereign debt to a greater extent than the volatility inherent in debt obligations of other types of issuers.

In addition, if a sovereign default or other such events described above were to occur as has happened on occasion in the past, other financial institutions may also suffer losses or experience solvency or other concerns, which may result in our facing additional risks relating to investments in such financial institutions that are held in our investment portfolio. There is also risk that public perceptions about the stability and creditworthiness of financial institutions and the financial sector generally might be adversely affected as might counterparty relationships between financial institutions.

If a sovereign were to default on its obligations, or adopt policies that devalued or otherwise altered the currencies in which its obligations were denominated, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

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We and our investment portfolio are exposed to the risk of the potential long-term impact of climate change.

Environmental concerns, notably those associated with climate change, pose significant risks to us and our customers. Our investment horizons are long term and we are therefore exposed to the long-term impact of climate change risks, which include the financial and non-financial impact of transition and physical risks.

The global transition to a lower carbon economy may have an adverse impact on investment valuations as the financial assets of carbon-intensive companies in some asset sectors re-price as a result of increased operating costs and a reduction in demand for their products and services. The speed of this transition, and the extent to which it is orderly and managed, will be influenced by factors such as public policy, technology and changes in market or investor sentiment. This climate-related transition risk may adversely impact the valuation of investments held by us, and the potential broader economic impact may adversely affect customer demand for our products. Our stakeholders increasingly expect and rely on us to support an orderly, inclusive and sustainable transition based on an understanding of relevant country and company-level transition plans and which takes into consideration the impact on the economies, businesses and customers in the markets in which we operate and invest. The pace and volume of new climate-related regulation emerging across the markets in which we operate and the demand for externally assured reporting may give rise to compliance, operational and disclosure risks and costs which may be increased by the multi-jurisdictional coordination required in adopting a consistent risk management approach.

Our ability to sufficiently understand and appropriately react to transition risk and our ability to deliver on any future external carbon reduction commitments, or new sustainability- or climate-orientated investment strategies and products, may be limited by insufficient or unreliable data on carbon exposure, transition plans for the assets in which we invest, or inability to divest as planned. The direct physical impacts of climate change, driven by both specific short-term climate-related events such as natural disasters and longer-term changes to climate and the natural environment, will increasingly influence the longevity, mortality and morbidity risk assessments for our life insurance product underwriting and offerings and their associated claims profiles. Similarly, nature-related risks can impact life and health liabilities. For example, pollution, poor water quality, waste contamination and overexploitation of the natural environment can all contribute to biodiversity degradation, which in turn can potentially pose threats to human health. Climate-driven events in countries in which we operate could impact our operational resilience and our customers. A failure to understand, manage and provide greater transparency of our exposure to these climate related risks may have increasingly adverse implications for us and our stakeholders.

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We could be forced to sell investments to meet our liquidity requirements.

We invest the premiums we receive from our customers until they are needed to pay policyholder claims. Additionally, some of our products allow policyholders to withdraw their funds or cash values under defined circumstances. Consequently, we seek to manage the duration of our investment portfolio based on the duration of any losses and loss adjustment expenses reserves to ensure sufficient liquidity and avoid having to liquidate investments to fund claims or withdrawals. Risks such as inadequate losses and loss adjustment expenses reserves, unfavourable trends in litigation, the outcome of regulatory investigations or unexpected withdrawal activity could potentially result in the need to sell investments to fund these liabilities. We may not be able to sell our investments at favourable prices or at all. Sales could result in significant realised losses depending on the conditions of the general market, interest rates and credit issues with individual securities.

Increases in the amount of allowances and impairments taken on our investments could have a material adverse effect on our financial condition and results of operations.

We determine the amount of allowances and impairments taken in respect of our investments in accordance with IFRS 9. See Note 2 to the Accountants' Report included in Appendix I. The expected credit loss is calculated as a probability-weighted forward-looking estimates of credit losses. Such determination varies by investment type and is based upon our periodic evaluation and assessment of known and inherent risks associated with the respective asset classes. These evaluations and assessments are revised as conditions change and new information becomes available. The determination of the amount of allowances and impairments to be taken on our investment assets may require complex and subjective judgments. These judgments may not reflect the actual losses that we will ultimately incur on these investments. Historical trends may not be indicative of future impairments or allowances. We recognised expected credit losses of US\$29 million, US\$9 million and US\$16 million, respectively, on our debt securities under fair value through other comprehensive income and loans and deposits under amortised cost during 2022, 2023 and 2024. See Note 29 to the Accountants' Report included in Appendix I for the reconciliation of changes in the gross carrying amounts of expected credit losses.

Our level 3 assets and liabilities are subject to uncertainties in accounting estimates, and fluctuations in the changes in fair value of these assets or liabilities would affect our financial results.

Some of our accounting policies require our management to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Therefore, actual results may differ from these accounting estimates. As of 31 December 2024, we had level 3 assets of US\$466 million in investment property, US\$765 million in debt securities, US\$117 million in equity securities, US\$3,460 million in interests in investment funds and US\$61 million in derivative financial assets. See Note 21 to the Accountants' Report in Appendix I to this prospectus. The

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valuation of investments with no quoted market prices requires management estimates and assumptions, which are reviewed periodically and adjusted if necessary. Changes in any of these estimates or assumptions may lead to a change in the fair value of the financial assets and liabilities. If the fair value of our level 3 assets or liabilities were to fluctuate or decline, our business, financial condition and results of operations could be materially and adversely affected. It is possible that future accounting standards and fair value estimation that we are required to adopt may differ from the current accounting treatment that we apply to our financial statements and may result in significant changes to our results of operations. Such changes could adversely affect the trends and comparability of our financial results.

Interest rate movements could affect our investment return, which may materially and adversely affect our profitability and our ability to service our debt obligations, or reduce our yield on investments, adversely affecting our liquidity and cash flows.

Our investment portfolio primarily consists of fixed income investments to match the duration of our liabilities. As of 31 December 2024, 79.2% of our total investment portfolio (excluding unit-linked investments) was composed of fixed income investments. As a result, our profitability is affected by changes in market factors that impact the level and timing of gains and losses that we make on our fixed income investments.

From 2022 until the third quarter of 2024, driven by inflationary pressures, interest rates rose globally, including several raises announced by the United States Federal Reserve. The United States Federal Reserve's interest rate decisions have a significant influence on central banks globally, including central banks in jurisdictions in which we operate. Many of these central banks also increased interest rates substantially from 2022 until the third quarter of 2024. If interest rates rise again in the future, surrenders and withdrawals of insurance policies and contracts may increase as policyholders seek other investments with higher perceived returns. This process may result in cash outflows and may require us to sell investment assets at a time when the prices of those assets are adversely affected by the increase in market interest rates, which may result in realised capital losses. Furthermore, any material fluctuations in interest rates may also increase our interest burden on our future indebtedness and could have an adverse effect on our ability to service our debt obligations.

On the other hand, the United States Federal Reserve and other key central banks had pursued a low interest rate policy since the global financial crisis of 2008, accompanied by further interest rate decreases during the peak of the COVID-19 pandemic in 2020. These central banks have also started reducing interest rates from the third quarter of 2024.

If interest rates continue to decline in some of the markets in which we operate, we may generate less income from our future fixed income investments. In addition, as instruments in our investment portfolio mature, we may have to reinvest the proceeds from such maturing investments, which were generally purchased in environments when interest rates were higher than current levels, in new investments that bear lower yields. This could materially reduce our liquidity, cash flows and profitability. Furthermore, some of our insurance obligations have a longer duration than certain assets in our investment portfolio,

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and some of the premiums we charge are calculated based on an assumed investment yield. Lower interest rates reduce our average investment yield while our premiums from certain outstanding products remain unchanged, thereby reducing our profitability.

The current policy environment in the United States is uncertain, and it is not possible to predict the effects of US government actions and the monetary policy responses, if any, of the United States Federal Reserve. As such, there is significant uncertainty as to the movement of interest rates globally in the near to medium term.

Additionally, for some of our long-term life insurance policies, we are obligated to pay a guaranteed return, minimum interest or crediting rate to our policyholders, which is established when the product is priced. The guaranteed return, minimum interest or crediting rate is partially or fully based on assumptions about interest rates. These products expose us to the risk that changes in interest rates may reduce our spread, or the difference between the rates we are required to pay under the policies and the rate of return we are able to earn on our investments supporting our insurance obligations. If the rates of return on our investments fall below the minimum rates we guarantee either explicitly or implicitly under those insurance products, our business, financial condition and results of operations could be materially and adversely affected.

We may be unable to closely match the duration of our assets and liabilities, which could potentially increase our exposure to interest rate risk.

In order to reduce our exposure to changes in interest rates, we seek to match, to the extent possible and appropriate, the duration of our assets and related liabilities. However, the availability of assets of suitable duration or alternatives in the form of derivative instruments may be restricted by applicable insurance laws, rules and regulations or other market factors. If we are unable to match the duration of our liabilities with the duration of the underlying assets, we will be exposed to interest rate changes, which may materially and adversely affect our business, financial condition and results of operations.

Fluctuations in currency exchange rates may adversely affect our financial condition and results of operations.

While the currency of our assets and liabilities are generally matched, we are still exposed to foreign currency exchange risk arising from fluctuations of exchange rates of the currencies in the jurisdictions where we operate, primarily because some of our investments in equity, fixed income securities and collective investment schemes and property are denominated in currencies that are different from the currencies of the underlying liabilities. Our most significant foreign currency exposure is to the Thai Baht and the Japanese Yen. We do not currently target to hedge a material proportion either of our revenues or of our net equity position in any of our operating subsidiaries. See “*Financial Information – Qualitative and Quantitative Disclosure about Market Risk – Foreign Exchange Rate Risk*” and Note 29 to the Accountants’ Report in Appendix I. We review our hedging strategy from time to time and may change our hedging policy in the future. The effect of exchange rate fluctuations on

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local operating results could lead to significant fluctuations in our financial statements upon translation of the results into US dollars. In particular, the local operating results of Thailand and Japan were materially impacted by the depreciation of the Thai Baht and the Japanese Yen against the US dollar in 2022. The two currencies weakened further in 2023 and 2024. In addition, fluctuations in the value of the US dollar will affect the value of our investment assets which are denominated in US dollars and may affect our ability to service debts. In addition, Hong Kong has maintained a pegged exchange rate system between the Hong Kong dollar and the US dollar since 1983. If this system is ever discontinued, our assets and operating results denominated in Hong Kong dollars could face significant fluctuations.

RISKS RELATING TO OUR PRODUCTS AND DISTRIBUTION CHANNELS

If we are unable to expand our product offerings or our new business initiatives do not achieve the intended results, our business, financial condition and results of operations may be adversely affected.

The insurance and investment product markets are constantly evolving in response to shifts in the preferences of customers. Our future success will depend on our ability to adapt to changing customer preferences and industry standards, and on our ability to respond with new product offerings and services. In furtherance of this objective, we are focused on delivering products that are designed to address the increasing awareness of our customers for their protection needs, particularly under the context of rising demand for life and health coverage post-COVID-19 pandemic.

We face certain risks when introducing new business initiatives, including, initiatives implemented as part of our customer-led strategy. We may not be able to implement these initiatives consistently across our Business Units and, if implemented, they may not achieve customer acceptance. We may incur significant costs in connection with introducing new business initiatives, and we cannot assure you that we will be able to realise the intended benefits within the expected timeframes. In addition to significant costs incurred, insurance regulation could limit our ability to introduce new product offerings and require us to incur additional costs or devote additional resources. In addition, some of the new products we introduce into the market may carry additional underwriting risks. Any proposed new insurance products could take longer than anticipated to be approved by regulatory authorities, or may not be approved at all. If we fail to implement new business initiatives successfully, our business, financial condition and results of operations could be adversely affected.

Actual experience may differ from assumptions used in establishing reserves and in product pricing, which may adversely affect our business, financial condition and results of operations.

We establish balance sheet liabilities and set aside reserves to reflect future expected policyholder benefits and claims. We establish these reserves and prices of our products based on many assumptions and estimates, including mortality and morbidity rates,

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longevity, reinvestment rates, policyholder behaviour, expected premiums and investment returns, policy persistency, claims profile, benefits to be paid, expenses to be incurred, as well as macroeconomic factors such as interest rates and inflation. The assumptions and estimates used to calculate our reserves are updated periodically.

Due to the nature of the underlying risks and uncertainty associated with the determination of the liabilities for unpaid benefits and claims, these amounts may vary from the estimated amounts. We cannot, however, determine with precision the amounts that we will need to pay for, or the timing of payment of, actual claims or whether the assets supporting the policy liabilities will grow to the level assumed prior to payment of claims.

In addition, we are exposed to the risk of higher than anticipated claims. Pandemics, such as the COVID-19 outbreak, have caused and may continue to cause increased claims under many of our policies, raising our resulting costs. This may cause or exacerbate any of the risks related to our estimates or assumptions. If significant deviations in actual experience from the assumptions occur, we may be forced to incur additional expenses in the form of claims and payments, to the extent the actual amounts exceed the estimated amounts, or we may be required to increase our reserves for future policy benefits, resulting in additional expenses in the period during which the reserves are established or re-estimated, which could materially and adversely affect our business, financial condition and results of operations.

The pricing of our products is also based in part upon expected persistency of these products, which is the probability that a policy or contract will remain in force from one period to the next. Persistency within our products may be significantly impacted by, among other things, conditions in the capital markets, the changing needs and claims profile of our policyholders, the manner in which a product is marketed or illustrated, the quality and professionalism of the distribution channels selling the products, competition, including the availability of new products, and policyholder perception of us, which may be negatively impacted by adverse publicity. In addition, any repricing of our products may impact the perceived competitiveness and affordability of our products.

We have experienced consecutive negative persistency variances between 2022 and 2023 and recorded positive persistency variance in 2024. We have also experienced negative morbidity variances in Japan in 2022 due to COVID-19 related claims and the regulatory requests to pay out the deemed hospitalisation benefits. Significant deviations in actual experience from our pricing assumptions could have an adverse effect on the profitability of our products. For example, if policyholder elections differ from the assumptions we use in our pricing, our profitability may decline. Actual persistency that is lower than our persistency assumptions could have an adverse effect on profitability, especially in the early years of a policy, primarily because we would be required to accelerate the amortisation of expenses we defer in connection with the acquisition of the policy. Actual persistency that is higher than our persistency assumptions could have an adverse effect on profitability in the

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later years of a block of business because the anticipated claims experience is higher in these later years. If actual persistency is significantly different from that assumed in our current reserving assumptions, our reserves for future policy benefits may prove to be inadequate.

Changes in regulations, solvency standards, capital requirements or other requirements or the impact of adverse market conditions could result in changes to our product offerings that could materially and adversely impact our business, results of operations or financial condition.

The insurance industry is highly regulated, and we are required to revise our product offerings and business practices from time to time due to changes in regulation. Our future success will depend on our ability to adapt to changing regulations in a timely manner. We cannot assure you that our efforts to introduce new product offerings or reposition our existing product offerings will be successful. Unsuccessful alterations in our product offering, or failure to adequately react to new regulations or trends in a timely manner, could have a material and adverse effect on our business, financial condition and results of operations.

In addition, more stringent solvency standards, capital requirements or regulatory restrictions on investment could limit the type of assets we can invest in, which may have an adverse impact on the performance of our investment portfolio and sales of our unit-linked products. Changing legal requirements, increased costs of hedging, other risk mitigation techniques, cost of financing and other adverse market conditions could also result in certain products becoming less profitable or unprofitable. These circumstances may cause us to modify or eliminate certain features of various products or cause us to suspend or cease the sales of some of our products in the future. Any modifications to products that we may make could result in these products being less attractive or competitive which could adversely impact our sales and profitability. We also cannot assure you that modifications to our products would result in these products being in compliance with any applicable solvency standards or capital requirements. Any of these events may materially and adversely impact our business, results of operations or financial condition.

The termination of, or any adverse changes to, or any failure to renew, our arrangements with our bancassurance partners may have a material adverse effect on our business, financial condition and results of operations.

In addition to our agency channel, we have distribution arrangements with banks in Southeast Asia and Hong Kong for sales of our bancassurance products through their respective networks. As of the Latest Practicable Date, we had 32 ongoing bancassurance partnerships, including eight exclusive bancassurance partnerships in Southeast Asia. For example, our exclusive bancassurance partnership with SCB is the largest contributor to our APE and VNB in Thailand.

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While these arrangements typically have multi-year terms, there is a risk that our bancassurance partnerships might terminate before their contractually agreed termination dates or might not be renewed. In addition, from time to time, our bancassurance partners may attempt to renegotiate the commercial terms of the arrangements, may be unable to fulfil their obligations, may have disputes with us as to the scope or performance of our and/or their obligations, or may be dissatisfied with other terms and seek changes to, or early termination of, the arrangements. Changes to these arrangements could increase our costs in connection with the sales of our products and adversely affect the profitability of our products, or impact our ability to sell products through our bancassurance partners. For example, in April 2022, our exclusive bancassurance partnership with An Binh Bank was terminated prior to its expiration date, which has not and is not expected to have a material adverse impact on our bancassurance channel and our ability to conduct business in Vietnam. In addition, as Commonwealth Bank of Australia completed the sale of PTBC to, and the merger of PTBC with, PT Bank OCBC NSIP Tbk, our previously exclusive bancassurance rights with PTBC were converted into non-exclusive rights on 1 September 2024.

Additionally, some banks may consolidate, restructure, downsize their physical branch networks or change their business lines, and more non-traditional market participants, such as virtual banks and other financial technology companies, may enter the market. These developments could limit or constrain the ability of our partnering banks and us to sell insurance products through bank branches.

Regulatory changes with respect to the bancassurance business, and distribution of bancassurance products through any of the banks' business lines, such as restrictions on banks to partner exclusively with one insurance company, regulatory changes in commissions, remuneration or other compensation or fees that may be payable to banks, or changes in the sales practices of the bank branches, could also materially and adversely affect our relationships and arrangements with these banks or restrict our ability to further expand our bancassurance arrangements with such banks. For example, in Vietnam, the new Law on Credit Institutions prohibits banks from combining the sale of insurance products with the provision of banking products and services in any manner. For details, see *"Regulatory Overview and Taxation – A. Regulatory Overview – Laws and Regulations relating to the Group's Business and Operations in Vietnam – New Law on Credit Institutions."*

Most of our distribution arrangements with the banks are due to be renewed within a similar timeframe. If we are unable to renew our arrangements with a significant number of our partners or unable to find replacement partners, our business could be significantly impacted.

The termination of, disruption to, or any other adverse change to, our relationships with the banks with which we have distribution arrangements, any adverse change to these banks' businesses or the formation of any exclusive partnerships between these banks and any of our competitors could significantly reduce sales of our products and our growth opportunities. Our inability to address these risks or satisfactorily resolve any disputes or

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disagreements with our partners or other problems encountered in connection with our existing or future bancassurance arrangements could prevent us from fully realising the anticipated benefits of such partnerships or impede or delay our operations or growth in the affected markets. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

If our customers were to claim that the policies they purchased failed to provide adequate or appropriate coverage, we could face claims that could harm our reputation, business, results of operations and financial condition.

Although we aim to provide adequate and appropriate coverage under each of our policies, customers could purchase policies that prove to be inadequate or inappropriate. If such customers were to bring a claim or claims alleging that we failed in our responsibilities to provide them with the type or amount of coverage that they sought to purchase, we could be found liable, resulting in an adverse effect on our reputation, business, results of operations and financial condition.

Denial of claims or our failure to accurately and timely pay claims could materially and adversely affect our business, financial condition, results of operations, and prospects.

We must accurately and timely evaluate and pay claims that are made under our policies. Many factors affect our ability to pay claims accurately and timely, including the efficacy of our AI claims processing, the training and experience of our employees and our ability to develop or select and implement appropriate procedures and systems to support our claims functions.

The increased adoption of automation and AI has led to higher customer expectations for experience and productivity. The speed and accuracy by which our AI technology allows us to process and pay claims is a differentiating factor for our business, and an increase in the average time to process claims or a decrease in the accuracy of claim processing could undermine our reputation and position in the insurance marketplace. Any failure to pay claims accurately or timely could also lead to regulatory and administrative actions or material litigation, or result in damage to our reputation, any one of which could materially and adversely affect our business, financial condition, results of operations, and prospects. Additionally, if our employees are unable to effectively process our volume of non-automated claims, our ability to grow our business while maintaining high levels of customer satisfaction could be compromised, which in turn, could adversely affect our operating margins.

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We rely on third-party service providers in certain areas of our operations and therefore do not have full control over the services provided to us or our customers.

We rely on third parties for certain investment management, information technology and other services, including:

- managing certain assets in our investment portfolio;
- conducting information technology security assessments and developing certain digital tools;
- talent acquisition, employee training and development;
- conducting customer and brand surveys;
- providing payroll services; and
- handling claims for medical products.

In addition, we may from time to time use third-party service providers to provide us with corporate secretarial support, technical advice and systems support for regulatory compliance and screening, and specialist advisory support on mergers and acquisitions related due diligence from a governance and risk management perspective.

If any of these third parties fail to provide these services and we are unable to secure an adequate alternative in time, our business, financial condition and results of operations could be materially affected.

Agent, broker, employee, distribution partner or other parties' misconduct, underperformance or negative media coverage could harm our reputation or lead to regulatory sanctions or litigation against us or could materially and adversely affect our business, financial condition, results of operations, and prospects.

Misconduct, malpractice, collusion or underperformance on the part of, attrition in relation to, or negative media coverage about, any of our agents, associates, employees, distribution partners or other parties could result in violations of law, regulatory sanctions, litigation or serious reputational or financial harm. Such misconduct could include misrepresenting the features or limits of our products, recommending products not suitable for particular consumers, misappropriation of client funds and other fraudulent behaviour in violation of applicable laws and regulations.

In addition, in some of our markets, such as our Emerging Markets, which have historically had a relatively less mature distribution capability, it may be challenging to recruit experienced and reputable agents with a high level of professionalism and integrity. This could give rise to lower quality of sales and servicing of policies by less experienced

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agents, mis-selling or fraudulent selling, which may in turn negatively impact the persistency of policies sold to our customers by such agents. While we make allowances for the impact of a level of agency misconduct and malpractice within our persistency assumptions, there is a risk that actual persistency experience may be more adverse than expected, which may in turn have a material adverse effect on our business, financial condition and results of operations.

We have limited control over our agents, associates, brokers, employees and distribution partners, but we may suffer negative consequences as a result of their actions. The measures that we take to detect and deter misconduct by our agents, associates, brokers, employees and distribution partners may not be effective in all circumstances. Past or future misconduct by our agents, associates, brokers, employees and distribution partners could result in investigations, violations of law, regulatory sanctions, and litigation. We may have to implement more extensive or different risk management policies and procedures due to legal and regulatory requirements as a result. Any such misconduct may have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO THE INSURANCE INDUSTRY

The rate of growth of the insurance industry in Asia may not be as high or as sustainable as we anticipate.

We estimate the rate of growth of the insurance industry in Asia based on the number of underserved potential customers. The high number of underserved individuals in this region may not translate to high growth potential, or we may not succeed in capitalising on any such growth potential. In addition, certain of the regional markets in which we operate may already be or become saturated and experience low or no growth in the future. Demographic growth and other economic indicators, such as an increase in standards of living, which are usually the traditionally beneficial drivers of growth in these markets, may not be sustainable or continue developing as expected. The growth and development of the insurance industry in Asia is subject to a number of industry trends and uncertainties that are beyond our control.

The failure of other insurance companies could require our operating entities to increase their contributions to industry-wide policyholder protection funds and could undermine consumer confidence.

In some of the markets in which we operate, including Japan, Singapore, Thailand, the Philippines, and Malaysia, we are subject to policyholder protection regimes whereby we are required to make contributions to industry-wide policyholder protection funds. Such policyholder protection funds are designed by the relevant authorities to compensate policyholders in the event of insurer insolvency. Any widespread failure by insurance companies in any of these markets would increase the amount our businesses either must contribute to designated funds or the reserves they must establish and maintain, thus possibly affecting our results of operations and financial condition.

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Other markets in which we operate, or may operate in the future, may introduce similar policyholder protection regimes in the future, and as such, our operating entities may be required to start contributing to, or may need to increase their contribution to such funds.

The failure of other life insurance companies could also damage the reputation of the life insurance industry and undermine consumer confidence in life insurers in general, which could lead to a decrease in the relevant Business Units' sales of new policies or an increase in lapses or surrenders of existing policies.

The adoption of OECD's Common Reporting Standard, as well as changes it has proposed on global corporate minimum tax, could have an impact on our businesses, financial condition, results of operations and growth prospects.

The Organisation for Economic Co-operation and Development ("**OECD**") has adopted a common reporting standard ("**CRS**") and model competent authority agreement to enable the multilateral, automatic exchange of financial account information. The CRS does not include a potential withholding element. Under the CRS, financial institutions (including certain specified insurance companies) are required to identify and report the tax residence status of customers in more than 110 jurisdictions. This requirement extends to jurisdictions such as the Cayman Islands, Hong Kong, Macau, Japan, Singapore, Indonesia, Malaysia and Thailand, all of which have endorsed the CRS plans. For the remaining countries such as Vietnam, there is currently no clear visibility of when they will endorse the plan. We will continue to monitor developments in CRS adoption.

In addition, as a company with international operations, we are subject to taxation in each of the markets in which we operate. Our future effective tax rates could be affected by numerous factors, including changes in applicable tax laws. The OECD is currently working on a project to address the tax challenges arising from the digitalisation of the economy. The project's second pillar involves the implementation of a global corporate minimum tax of 15% applicable to large multinational enterprises. The OECD has released model rules and other documents for this second pillar (the "**Pillar Two model rules**").

Our Group operates in certain jurisdictions which have enacted or substantively enacted their versions of the Pillar Two model rules, including Indonesia, Japan, Malaysia, Singapore, Thailand and Vietnam. Hong Kong has enacted the Pillar Two model rules on 6 June 2025. These rules have been or are expected to be effective and apply to us from 1 January 2025, except for Vietnam, where they became effective and applied to us from 1 January 2024. The implementation of the Pillar Two model rules may have an adverse effect on our tax expenses, our financial condition, and the results of operations. We will continue to closely monitor the Pillar Two model rules requirements and assess the long-term implications accordingly.

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Consolidation of third-party distributors of insurance products and reinsurers may adversely affect the insurance industry and the profitability of our business.

The insurance industry distributes many of its products through other financial institutions such as banks, broker-dealers and ecosystem partnerships, and reinsures a portion of the risks assumed under insurance contracts to reinsurers. An increase in the consolidation activity of such financial institutions and reinsurers may create firms with even stronger competitive positions, negatively impact the industry's sales, increase competition for access to third-party distributors and reinsurers, result in greater distribution or reinsurance expenses and impair our ability to market certain of our products to our current customer base or expand our customer base. For example, the consolidation of reinsurers may limit our access to competitive terms, increase reinsurance costs and reduce our flexibility in selecting appropriate reinsurers. Such consolidation could consequently result in concentration and regulatory scrutiny if there is over-exposure to the consolidating reinsurers. We cannot assure you that, in the event of consolidation in relation to any of our third-party distributors or consolidation in relation to any of our reinsurers, we will be able to successfully novate our distribution or reinsurance agreements or receive adequate or any consideration.

Consolidation of third-party distributors or other industry changes, such as increased competition from new market entrants or non-traditional or online competitors, may also increase the likelihood that third-party distributors will try to renegotiate the terms of any existing selling agreements to terms less favourable to us.

RISKS RELATING TO LEGAL AND REGULATORY MATTERS

Changes in tax regulations have had, and may continue to have, an adverse effect on the demand for our insurance products.

There are specific rules governing the taxation of policyholders and the tax treatment of insurance premiums paid by policyholders in each jurisdiction in which we operate. These rules affect the structuring of, and demand for, the insurance products that we offer in those jurisdictions. In addition, as we expand our business into new jurisdictions, we may be subject to new tax laws or additional tax liabilities. We are unable to predict accurately the impact of future changes in tax laws on the taxation of life insurance proceeds in the hands of beneficiaries and the tax treatment of insurance premiums paid by policyholders. Amendments to existing legislation, particularly if there is a withdrawal of any tax relief, or an increase in tax rates, or an introduction of new rules, may affect the purchase decisions of our potential customers and the investment decisions of our policyholders. The impact of such change on us would depend on the mix of business in force at the time of such change.

In particular, Indonesia has increased its value added tax (VAT) rate from 11% to 12% for goods and services already subject to luxury goods sales taxes on 1 January 2025, pursuant to the scheduled VAT increase introduced under Law No. 7 of 2021 on the Harmonization of Taxation Regulation. While the VAT increase is limited to goods and services already subject

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to luxury goods sales taxes, an increase of the VAT rate may adversely affect consumers' purchasing power, which in turn may have a material adverse effect on the sales of insurance products in Indonesia. We will take appropriate measures to mitigate the effects on our business, but we cannot assure you that these measures will be effective.

We face the risk of litigation, regulatory investigations and other proceedings in relation to our business which may result in financial losses and reputational harm.

Legal or regulatory actions, inquiries or investigations, whether ongoing or yet to come, could harm our reputation, ability to attract or retain customers or employees, business, financial condition, or results of operations, even if we ultimately prevail. Litigation and regulatory investigations are increasingly common in our industry as a result of increased regulatory and prudential oversight in the markets in which we operate. Regulators or private parties may bring investigations (including industry-wide investigations undertaken by regulators triggered by events which may not be related to us), class actions or individual suits seeking large recoveries alleging wrongs relating to sales or underwriting practices, recruitment of employees and agents, claims payments and procedures, product design, disclosure, administration, controls, compliance with laws and regulations, investments, denial or delay of benefits and breaches of fiduciary or other duties, among other things. For example, in Vietnam, since 2022, the Ministry of Finance has been undertaking an industry-wide review of bancassurance sales practices (including FWD Vietnam), with several insurers (including FWD Vietnam) being named as violating local regulations, resulting in monetary penalties and restrictions on sales of certain products. In December 2024, the Ministry of Finance, in line with sanctions imposed on other insurers in Vietnam and expectation, imposed administrative penalties on FWD Vietnam as a result of its inspection into FWD Vietnam's bancassurance sales practices. These penalties consisted of an immaterial fine and a three-month suspension of FWD Vietnam's sales of two regular premium unit-linked products through the bancassurance channel, with FWD Vietnam agreeing to commence such suspension on 1 January 2025. The violations of local regulations and non-compliant sales practices have since been rectified. We may be unable to anticipate the outcome of a litigation or investigation and the amount or range of loss because we do not know how adversaries, fact finders, courts, regulators, or others will evaluate evidence, the law, or accounting principles, and whether they will do so differently than we have. A substantial liability arising from a lawsuit judgment or a significant regulatory action against us or a disruption in our business arising from adverse adjudications in proceedings against our directors, officers or employees could have a material adverse effect on our business, financial condition and results of operations. Moreover, even if we ultimately prevail in the litigation, regulatory action or investigation, such proceedings could significantly harm our reputation, which could materially affect our business, financial condition and results of operations. See “– *Risks Relating to our Products and Distribution Channels – Agent, broker, employee, distribution partner or other parties' misconduct, underperformance or negative media coverage could harm our reputation or lead to regulatory sanctions or litigation against us.*”

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We are subject to tax audits, tax investigations, tax litigation or similar proceedings, and as a result we may owe additional taxes, interest and penalties in amounts that may be material.

We are subject to income and other taxes in the jurisdictions in which we do business. In determining our provisions for income taxes and our accounting for tax related matters in general, we are required to exercise judgment. We regularly make estimates where the ultimate tax determination is uncertain. We cannot assure you that the final determination of any tax audit, appeal of the decision of a taxing authority, tax litigation or similar proceedings will not be materially different from that reflected in our financial statements. Tax audits, investigations, and the assessment of additional taxes, interest and penalties could be materially adverse to our current and future results of operations and financial condition.

We are subject to evolving interpretations of AML guidelines and related examinations by regulators in Hong Kong and other jurisdictions in which we operate.

We are subject to AML laws and regulations, as well as business conduct rules, in each of the jurisdictions in which we operate, including Hong Kong.

In Hong Kong, the revised Guideline GL3 on anti-money laundering and counter-terrorism financing to reflect amendments to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance was published with an effective date of 1 June 2023. Insurers are required to review their existing policies and procedures and adopt measures to ensure compliance with all applicable requirements under the revised GL3. In connection with the evolving interpretations of the AML guidelines in Hong Kong, regulators have been conducting industry-wide examinations, and have issued reprimands to certain industry participants.

While we have implemented robust AML policies and controls, these may not be followed at all times or effectively detect and prevent violations of the relevant laws and regulations by one or more of our employees, consultants, agents or partners across our operations in multiple jurisdictions. Similarly, with respect to the businesses we have acquired or may acquire from time to time, we may be exposed to the adverse consequences of instances of AML noncompliance that occurred prior to our acquisition of such businesses. We may incur additional costs to remediate or address predecessor AML liabilities and may be adversely affected by non-compliance incidents of our acquired businesses in the future.

Our failure to comply with data privacy, cyber and data security laws and regulations in our geographic markets could have a material adverse effect on our business, financial condition and results of operations.

We are subject to data privacy, cyber and data security laws, rules and regulations that regulate the collection, use and storage of data (including personal data). Protection of personal data and certain non-personal data has become increasingly important for

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regulators and lawmakers globally. Data privacy, cyber and data security laws, rules and regulations are subject to change and may become more restrictive in the future. Certain of these laws, rules and regulations in the markets in which we operate, including Japan, Thailand and Vietnam, are relatively new and evolving, and their interpretation and application remain uncertain. Such developments may increase the complexity of requirements and obligations in this area, in particular where they include restrictions on handling personal data or impose differing or conflicting requirements compared with those of other jurisdictions.

In the PRC, the Measures for Cybersecurity Review (“**Review Measures**”) issued by Cyberspace Administration of China (“**CAC**”) on 28 December 2021 (with effect from 15 February 2022) have significantly expanded the cybersecurity review requirement under the cybersecurity laws of the PRC, including a requirement to file for cybersecurity review with the Cybersecurity Review Office of the PRC, if (i) a critical information infrastructure operator purchases network products and services, or (ii) an online platform operator (which term is yet to be specified) conducts data processing, either of which will or may affect the national security of the PRC. Specifically, the Review Measures require online platform operators holding personal information of more than one million users and seeking a listing in a foreign country to file for cybersecurity review with the Cybersecurity Review Office of the PRC. In addition, the PRC Data Security Law (which was promulgated in June 2021 and took effect on 1 September 2021) as well as respective implementation regulations, e.g., the Network Data Security Management Regulations (which was promulgated in September 2024 and took effect on 1 January 2025), impose data security obligations on entities and individuals carrying out data activities (including certain activities outside of mainland China), requires a national security review of data activities that may affect national security, and imposes export restrictions on certain data and information. We do not currently expect that these legal obligations relating to cybersecurity review or national security review apply to our currently immaterial operations in mainland China, or that they will have an impact on our business, financial condition, results of operations or the Global Offering. If we commence business and customer facing operations in mainland China, whether as a result of organic growth or any future acquisition, or if the laws and regulations as they apply to our existing operations in mainland China change such as to mandate the completion of a cybersecurity review or other specific actions, we face uncertainties as to whether such clearance can be obtained on a timely basis or at all.

The PRC Personal Information Protection Law (which was promulgated on 20 August 2021 and took effect on 1 November 2021) applies to processing of personal information in the PRC and has extraterritorial effect in certain circumstances. However, other than the maintenance of a representative office and the provision of shared services to the Group through two subsidiaries incorporated under the laws of the PRC, we currently do not have operations in mainland China. In addition, no information belonging to our customers is collected, hosted or managed in mainland China and we have policies and systems in place to manage the risk of information belonging to our customers being collected, hosted or managed in mainland China. To the extent that the PRC Personal Information Protection Law applies to our limited presence in mainland China, we believe we are in compliance with the

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data privacy and protection regulations and policies issued by the relevant PRC regulatory authorities to date. However, as uncertainties remain regarding the interpretation and implementation of the extraterritorial effect of the PRC Personal Information Protection Law and whether it applies to us, if the PRC Personal Information Protection Law becomes applicable to us outside of mainland China, we may incur substantial operational costs or modify our data collecting and processing practices.

Cross-border transfer of personal data from mainland China is regulated under the PRC law. On 22 March 2024, the CAC released the Provisions on Facilitating and Regulating Cross-border Data Flows (“**March Provisions**”) (with immediate effect) which exempt certain business activities from the data export restrictions. As of the Latest Practicable Date, relevant transfers of personal data from our immaterial operations in mainland China fall within applicable exemptions under the March Provisions, thus exempting us from signing a Standard Contract or fulfilling another data export mechanism under PRC law. If we engage in the cross-border transfer of personal data from mainland China in future business activities which are subject to the PRC Personal Information Protection Law but fail to be exempted under the March Provisions, we will not be permitted to conduct relevant business activities until we have fulfilled the corresponding obligations on cross-border data transfers.

A breach of data privacy, cyber and data security laws, rules and regulations may result in significant reputational and regulatory sanctions, including substantial financial penalties. Compliance with these laws, rules and regulations may restrict our business activities and require us to incur increased costs and allocate considerable time to compliance efforts, such as implementing information technology systems and processes that comply with the relevant rules and regulations. Applicable data privacy, cyber and data security laws, rules and regulations could also adversely affect our distribution channels, such as our digital commerce channel, and limit our ability to share customer data with third parties or transfer customer data between our businesses in different jurisdictions.

In addition, while we have policies and systems in place to manage the risk of data privacy and security, data privacy and security breaches may still occur. We had certain incidents of inadvertent data leakage and security breaches during the Track Record Period, involving either employee or customer information. We took remedial actions promptly and notified the relevant regulatory authorities, and we were not subject to any fines or penalties by the relevant regulatory authorities. Although we have strengthened our policies and systems to better detect and manage the risk of data privacy and security breaches, we cannot guarantee you that these breaches will not happen in the future, which breaches could have a material adverse effect on our business, financial condition and results of operations. See “– *Risks Relating to our Technology – We may be unable to prevent or address the misappropriation of our data.*”

Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to customers or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorised release or

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transfer of sensitive information, which could include personal information or other user data, may result in governmental or regulatory investigations, enforcement actions, regulatory fines and other penalties, compliance orders, litigation or public statements against us by consumer advocacy groups or others, and could cause customers to lose trust in us, all of which could be costly and have an adverse effect on our business. In addition, new and changed rules and regulations regarding privacy, data protection (in particular those that impact the use of AI), and cross-border transfers of customer information could cause us to delay or change planned uses and disclosures of data to comply with applicable privacy and data protection requirements. Moreover, if third parties that we work with violate applicable laws or our policies, such violations also may put personal information at risk, which may result in increased regulatory scrutiny and penalties and have a material adverse effect on our reputation, business and operating results.

Evolving legislation related to genetic testing could adversely impact our underwriting abilities.

Current or future legislation in jurisdictions where we operate may restrict our right to underwrite based on access to genetic test results. Without the obligation of disclosure, the asymmetry of information shared between applicant and insurer could increase anti-selection in both new business and in-force policyholder behaviour. The impact of restricting insurers' access to this information and the associated problems of anti-selection becomes more acute where genetic technology leads to advancements in diagnosis of life threatening conditions that are not matched by improvements in treatment. We cannot predict the potential financial impact that this would have on us or the industry as a whole. In addition, there may be further unforeseen implications as genetic testing continues to evolve and becomes more established in mainstream medical practice.

You may face difficulties in protecting your interests because our Company is incorporated under the laws of the Cayman Islands, which may offer less protection to minority shareholders than the laws of Hong Kong and some other jurisdictions.

Our corporate affairs are governed by the terms of the Memorandum of Association and the Articles of Association as well as the Cayman Companies Act and the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedents in existence in Hong Kong and some other jurisdictions. See *"Appendix IV – Summary of the Constitution of our Company and Cayman Islands Company Law."* Such differences may mean that our minority Shareholders may have less protection than they would have under the laws of Hong Kong and some other jurisdictions. For example, the Cayman Islands does not have a statutory equivalent of section 724 of the Companies Ordinance, which provides remedies for shareholders whose interests are being or have been unfairly prejudiced by the conduct of the company's affairs.

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RISKS RELATING TO OUR TECHNOLOGY

Cyber-attacks or other security breaches of our computer systems or computer systems maintained by others could disrupt our business, cause financial losses, damage our reputation, lead to regulatory sanctions and legal claims or a loss of customers and revenue.

Use of technology to offer insurance products involves the storage and transmission of information, including personal information, in relation to our employees, contractors, business partners and current, past or potential customers. Security breaches may result from actions of hackers, vendors, third-party administrators or insiders as well as from cyber-attacks perpetrated by organised crime groups, “hacktivists,” or state-sponsored groups. Cyber-attacks may range from social engineering to denial of services, deepfakes, extortion or threats, including ransomware attacks, which can lead to access, disclosure, disruption, or ransom demands or further attacks. These cyber-attacks or security breaches could expose confidential information, which could result in potential regulatory investigations, fines, penalties, compliance orders, liability, litigation and remediation costs, as well as reputational harm, any of which could materially adversely affect our business and financial results. For example, unauthorised parties could steal or access our users’ names, email addresses, physical addresses, phone numbers and other information that we collect when providing insurance quotes, and credit card or other payment information if a customer agrees to purchase insurance coverage from us. Further, outside parties may attempt to fraudulently induce employees or customers to disclose sensitive information in order to gain access to our information or customers’ information. The cyber threat landscape continues to evolve as threat actors have and will continue to find new ways to break into organisations. Governance, frameworks, policies and procedures are in place to prevent and detect cybersecurity incidents; however, our existing system of internal controls may not be able to mitigate all possible incidents. The risk of a breach can exist whether software services are in our data centres or we use cloud-based software services. Any of these incidents, or any other types of security or privacy related incidents, could result in an investigation by a competent regulator, resulting in a fine or penalty, or an order to implement specific compliance measures. It could also trigger claims by affected third parties, which could adversely impact our business, results of operations, financial condition, and reputation.

We maintain confidential and proprietary information on our computer systems and rely on sophisticated technologies to maintain the security of that information. Our computer systems have been, and will likely continue to be, subject to computer viruses or other malicious codes, unauthorised access, cyber-attacks or other computer-related penetrations. While, to date, we have not experienced a material breach of cybersecurity, administrative and technical controls and other preventative actions we take to reduce the risk of cyber-incidents and protect our information technology may be insufficient to prevent physical and electronic break-ins, cyber-attacks or other security breaches to our computer systems. Any such breaches could cause significant interruptions in our operations, and the failure to maintain the security, confidentiality or privacy of sensitive

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data, including personal information relating to our customers, employees and distribution partners, could harm our reputation, subject us to regulatory sanctions, significant monetary fines and legal claims, lead to a loss of customers and revenue and otherwise materially adversely affect our business, financial condition or results of operations.

Our business could also be harmed indirectly by cyber-attacks or security breaches to computer and IT systems maintained by others, including our associate companies, business partners and our service providers. While we did not have any material cyber-security incidents or security breaches during the Track Record Period, we cannot assure you that any future cyber-attacks or security breaches to computer and IT systems maintained by others will not have a material adverse effect on our business, financial condition or results of operations.

Our investment in digitalisation and digital commerce may not achieve the intended result.

As a customer-led insurer, we have made and continue to make significant investments in digital initiatives, applications and tools to enhance customer experience, including digital commerce. A key element of our customer retention and acquisition strategy is using digitalisation to make it easier for customers to stay engaged with our insurance ecosystem. We also intend to continue to invest in digitalisation, including digital commerce, and launch more initiatives, technology-enabled products and services across the jurisdictions in which we operate. See “*Business – Distribution – Other Channels*” and “*Business – Our Growth Strategies – Optimise Customer Experience and Boost Operating Leverage through Continued Investment in Digitalisation*” for further details.

We cannot assure you that our digital initiatives will continue to appeal to our existing or potential customers. Consumer trends and demands are subject to change, and we will need to respond to rapid technological developments in time to effectively serve our digitally native customers. Any failure of these digital applications and tools to operate as intended may cause customer dissatisfaction. In addition, as we develop new digital tools and implement new technologies, we will need to update our governance and risk management frameworks to manage the relevant risks, such as the risks of data breaches and system failures. If we fail to update our governance frameworks on a timely basis, we could be exposed to risks associated with these digital systems. Any of these factors may have an adverse effect on our business, financial condition and results of operations.

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We rely on AI and our digital platform to collect data that we evaluate in pricing and underwriting our insurance policies, managing claims and customer support, and improving business processes, and any legal or regulatory requirements that restrict our ability to collect this data could thus materially and adversely affect our business, financial condition, results of operations and prospects.

We use AI and our digital platform to gain insight into our customers' experience and support various business operations. Our cloud-based Data Mesh platform, which covers all our markets, collects data from multiple sources and processes it in real time across customer-facing digital platforms, internal applications and back-end systems. This allows us to quickly meet customers' needs by delivering data to the appropriate use cases. If any of the regulators in the markets we operate in were to determine that the data we collect, the way we collect it or how we use it unfairly discriminates against some groups, they could enforce laws and regulations that prohibit or restrict our collection or use of such data. This could result in fines and other sanctions, including, disciplinary action, revocation and suspension of licences, and withdrawal of our products, which could materially and adversely affect our business, financial condition, results of operations and prospects, and profitability. In addition, our use and reliance on generative AI for data collection and analysis in meeting customers' needs may expose us to potential biases in AI-generated outputs, inaccuracies in training data, and limitations in the interpretability of AI models, which could lead to suboptimal decision-making. Although we have implemented policies and procedures to manage our AI and automation-driven operations, these policies and procedures may prove inadequate to manage our use of this nascent technology, resulting in a greater likelihood of inadvertent legal or compliance failures.

We depend on search engines, social media platforms, digital app stores, content-based online advertising and other online sources to attract consumers to our websites and our online applications, which may be affected by third-party interference beyond our control and as we grow our customer acquisition costs will continue to rise.

Our future growth depends on our ability to attract consumers to our websites and our online applications and convert them into customers in a cost-effective manner. We depend, in large part, on search engines, social media platforms, digital app stores, content-based online advertising and other online sources for traffic to our websites and our online applications.

With respect to search engines, we are included in search results as a result of both paid search listings, where we purchase specific search terms that result in the inclusion of our advertisement, and free search listings, which depend on algorithms used by search engines. For paid search listings, if one or more of the search engines or other online sources on which we rely for purchased listings modifies or terminates its relationship with us, we could lose consumers and traffic to our websites could decrease, and we may incur additional costs in seeking alternative search engines or online sources, any of which could have a material

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adverse effect on our business, results of operations and financial condition. For free search listings, if search engines on which we rely for algorithmic listings modify their algorithms, our websites may appear less prominently or not at all in search results, which could result in reduced traffic to our websites.

Our ability to maintain and increase the number of consumers directed to our products from digital platforms is not within our control. Search engines, social media platforms and other online sources often revise their algorithms and introduce new advertising products. If one or more of the search engines or other online sources on which we rely for traffic to our websites and our online applications were to modify its general methodology for how it displays our advertisements or keyword search results, resulting in fewer consumers clicking through to our websites and our online applications, our business and operating results are likely to suffer. In addition, if our online display advertisements are no longer effective or are not able to reach certain consumers due to consumers' use of ad-blocking software, our business and operating results could suffer.

The marketing of our insurance products depends on our ability to cultivate and maintain cost-effective and otherwise satisfactory relationships with digital app stores, in particular, those operated by Google and Apple. As we grow, we may struggle to maintain cost-effective marketing strategies, and our customer acquisition costs could rise substantially. Furthermore, because many of our customers access our insurance products through online applications, we depend on the Apple App Store and the Google Play Store to distribute our online applications. Both Apple and Google have broad discretion to change their respective terms and conditions applicable to the distribution of our online applications, including those relating to the amount of (and requirement to pay) certain fees associated with purchases facilitated by Apple and Google through our online applications, to interpret their respective terms and conditions in ways that may limit, eliminate or otherwise interfere with our ability to distribute our online applications through their stores, the features we provide and the manner in which we market in-app products. We cannot assure you that Apple or Google will not limit, eliminate or otherwise interfere with the distribution of our online applications, the features we provide and the manner in which we market our online applications. To the extent either or both of them do so, our business, results of operations and financial condition could be adversely affected.

Our proprietary AI models may not operate properly or as we expect them to, which could cause us to write policies we should not write, price those policies inappropriately or overpay claims that are made by our customers. Moreover, our proprietary AI models may lead to unintentional bias and discrimination.

We have built our digital architecture with the purpose of maximising the use of data analytics and technology to optimise customer experience, empower distribution and inform our business decisions. The continuous development, maintenance and operation of our deep-learning data analytics engine is complex and may involve unforeseen difficulties including material performance problems, undetected defects or errors, for example, with new capabilities incorporating AI. We may encounter technical obstacles, and it is possible

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that we will discover additional problems that prevent our proprietary algorithms from operating properly. If our data analytics do not function reliably, we may incorrectly price insurance products for our customers or incorrectly pay or deny claims made by our customers. Either of these situations could result in customer dissatisfaction with us, which could cause customers to cancel their insurance policies with us, discourage prospective customers from obtaining new insurance policies, or cause us to under-price policies or overpay claims. Additionally, AI models can be exposed to risks of bias and unintentional discrimination in insurance practices. We are also subject to evolving laws, regulations, rules and policies regulating AI, and new interpretations of applications of existing data protection, privacy, intellectual property and other laws. AI-related issues, deficiencies or failures could give rise to legal or regulatory actions. Any of these eventualities could result in a material and adverse effect on our business, results of operations and financial condition.

Interruptions or delays in our information technology systems or in the services provided by our third-party data centres or our internet service providers could impair the operability of our online applications and other digital services, which may materially and adversely affect our operations.

Our business is reliant on the ability of our information technology systems to process a large number of transactions and data on a timely basis for our management to make informed decisions. We rely on the internet and, accordingly, depend on the continuous, reliable and secure operation of internet servers, related hardware and software, as well as network infrastructure. Further, because of the long-term nature of much of our business, accurate records must be maintained for significant periods of time. The proper functioning of our financial controls, accounting, customer databases, customer service and other data processing systems, including those relating to underwriting and claims processing functions, is critical to our operations and to our ability to compete effectively.

Certain of our critical data and IT systems, including our proprietary Data Mesh platform, a centralised data repository, are located on cloud platforms. Failure of these cloud platforms may render us unable to use our data and certain IT systems. Although we have in place disaster recovery and business continuity plans and maintain disaster recovery facilities designed to be activated in place of our primary facilities in the event of failure, the data centres that we use are vulnerable to damage or interruption from human error, intentional bad acts, earthquakes, floods, fires, severe storms, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures, and similar events, many of which are beyond our control, any of which could disrupt our services, prevent customers from accessing our products, destroy customer data, or prevent us from being able to continuously back up and record data. In the event of significant physical damage to one of these data centres, it may take a significant period of time to achieve full resumption of our services, and our disaster recovery planning may not account for all eventualities.

Further, a prolonged service disruption affecting our online applications and other digital services for any of the foregoing reasons could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, or otherwise harm

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our business. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the cloud services we use. Damage or interruptions to these data centres could harm our business. Moreover, negative publicity arising from these types of disruptions could damage our reputation and may adversely impact the use of our online applications and other digital services.

Additionally, as we continue to expand the number of customers to whom we provide our products and services, we may not be able to scale our technology to accommodate the increased capacity requirements, which may result in interruptions or delays in service. In addition, the failure of our data centres or third-party internet or technology service providers to meet our capacity requirements could result in interruptions or delays in access to our online applications and other digital services or impede our ability to scale our operations. In the event that our service agreements are terminated, or there is a lapse of service, interruption of internet service provider connectivity or damage to such facilities, we could experience interruptions in access to our online applications and other digital services as well as incur delays and additional expense and management time devoted to arranging new facilities and services, which could harm our business and have a material adverse impact on our financial condition and results of operations.

We may be unable to prevent or address the misappropriation of our data.

From time to time, third parties may misappropriate our data through website scraping, bots or other means and aggregate this data on their websites with data from other companies. In addition, copycat websites or online applications may misappropriate data and attempt to imitate our brand or the functionality of our websites or our online applications. If we become aware of such websites or online applications, we will employ technological or legal measures to halt their operations. However, we may be unable to detect all such websites or online applications in a timely manner and, even if we could, technological and legal measures may be insufficient to halt their operations. In some cases, due to the applicable laws in the jurisdictions in which we operate, the remedies available to us may not be adequate to protect us against the effect of the operation of such websites or online applications. Regardless of whether we can successfully enforce our rights against the operators of these websites or online applications, any measures that we may take could require us to expend significant financial or other resources, which could harm our business, results of operations or financial condition. In addition, to the extent that such activity creates confusion among consumers or advertisers, our brand and business could be harmed.

System errors may affect the calculation of unit prices or deduction of charges for investment linked products which may require us to compensate customers retrospectively.

A material portion of our product sales are investment linked contracts, where product benefits are linked to the prices of the underlying unit funds. While comprehensive controls are in place, there is a risk of error in the calculation of the prices of these funds or the use of

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the prices of these funds for other policyholder value calculations due to human error in data entry, IT-related issues or other causes. Additionally, it is possible that policy charges which are deducted from these contracts are taken incorrectly or the methodology is subsequently challenged by policyholders or regulators and changed retrospectively. Any of these can give rise to compensation payments to customers. Controls are in place to mitigate these risks, but errors could give rise to future liabilities. Payments due to errors or compensation may negatively affect our profitability or financial condition.

RISKS RELATING TO OUR CONTROLLING SHAREHOLDERS AND CERTAIN OTHER SHAREHOLDERS

Our Controlling Shareholders and certain other Shareholders are currently involved in some aspects of our business, including investment management, telecommunication services and reinsurance, and we may be subject to risks associated with such transactions.

PineBridge, a company ultimately majority owned and controlled by Mr. Li, one of our Controlling Shareholders (with minority interests owned by directors, management and consultants of PineBridge), manages certain investment grade bonds and alternative investments for our investment portfolios. On 23 December 2024, MetLife Investment Management announced it had entered into an agreement to acquire PineBridge Group (excluding its private funds group business and joint venture in mainland China) from PCG. Subject to regulatory approvals and other conditions, the transaction is expected to complete in 2025.

Mr. Li also has interests in PCCW and HKT, companies listed on the HKEX, which provide telecommunication and insurance related services to us, as well as having branding and marketing arrangements in place with us. Mr. Li is the chairman and an executive director of PCCW and, as of the Latest Practicable Date, is deemed to be interested (as such term is defined under the SFO) in 31.83% of the equity interest in PCCW. PCCW is the parent of the HKT Group. Mr. Li is the executive chairman and an executive director of HKT and HKT Management Limited (the trustee-manager of the HKT Trust), and as of the Latest Practicable Date, is deemed to be interested (as such term is defined under the SFO) in approximately 2.91% of the total number of share stapled units in issue of HKT Trust and HKT. In addition, we provide certain services, including consulting and advisory support services, to and receive certain insurance services from, bolttech Holdings, a company indirectly controlled by Mr. Li, one of our Controlling Shareholders.

Swiss Re, the intermediate parent company of Swiss Re PICA, one of our Shareholders, operates a reinsurance business and provides reinsurance services to us and we in turn receive reinsurance commissions from Swiss Re. Swiss Re PICA has the right to nominate two individuals to our board immediately prior to listing. For further details, see “*History, Reorganisation and Corporate Structure – Reorganisation.*”

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Athene, one of our Pre-IPO Investors (which subsequently transferred its Shares held in our Company to Apollo Principal Holdings as described under “*History, Reorganisation and Corporate Structure – Background Information about our Pre-IPO Investors*”), is a leading retirement services company. Together with Apollo, the affiliate of Athene and a leading global investment manager, we and Athene have agreed to a strategic collaboration in asset management, product distribution and reinsurance. Pursuant to certain investment management agreements, one or more Apollo affiliates will manage part of our Company’s investment portfolio, across multi-credit and alternative asset classes. We have also entered into an arms-length arrangement with Athene Annuity Re for the Athene Reinsurance transaction. For further details, see “*History, Reorganisation and Corporate Structure – Major Shareholding Changes of our Company – Pre-IPO Investments*” and “*Business – Investments and Asset Management – Outsourced Investment Managers.*”

These relationships between our related parties and us could create, or appear to create, conflicts of interest. If any conflict of interest arises between our connected persons and us, we cannot assure you that we will be able to resolve these conflicts on terms favourable to us given our Controlling Shareholders’ and such related parties’ respective ownership interests in us. If we fail to adequately address these conflicts of interests in our favour, we may be subject to regulatory scrutiny, which may adversely affect our business, financial condition and results of operations.

The interests of our Controlling Shareholders may not align with the interests of our Shareholders as a whole.

Our Controlling Shareholders, through their voting power at our general meetings, have significant influence over our business and affairs, including decisions in respect of mergers or other strategic transactions, acquisition of assets, issuance of additional Shares or other equity or debt securities, timing and amount of dividend payments and amendments to our articles of association. Our Controlling Shareholders are not required to and may not act in the best interests of our minority Shareholders. In addition, without the approval of the Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us and/or the Shareholders as a whole. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive the Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price and liquidity of the Shares.

Negative news or publicity about, or governmental actions affecting, our Controlling Shareholders or persons related to them may adversely affect our reputation, business and results of operations.

Negative news or publicity about our Controlling Shareholders or his/its affiliates or related persons, even if untrue, could cause our customers, business partners and other counterparties to lose confidence in our Controlling Shareholders, us or the “FWD” brand, and adversely affect our brand image and reputation. In addition, governmental actions affecting our Controlling Shareholders or his/its affiliates or related persons could adversely

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affect the willingness and ability of our customers, business partners and other counterparties to engage with us, which may result in a material adverse effect on our business, results of operations and financial condition.

If our Controlling Shareholders sell all or a substantial portion of his/its ownership in us, our business, financial condition and results of operations could be adversely affected.

The Shares held by our Controlling Shareholders will be subject to certain lock-up undertakings after the Global Offering. Nevertheless, we cannot assure you that our Controlling Shareholders will not dispose of the shares they may own following the expiration of such lock-up period. If our Controlling Shareholders cease to maintain a controlling stake in us or otherwise change important elements of their strategic relationships with us, we may lose the advantages associated with these strategic relationships, which could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our financial obligations as well as the value of the shares.

In addition, because we operate regulated businesses (under applicable insurance and financial services rules and regulations), any shareholder whose shareholding meets or exceeds certain thresholds (as specified under applicable rules and regulations) may need to be pre-approved by, or pre-notified to, regulators. Any failure to comply with such pre-approval or pre-notification requirements may affect our ability to continue to hold applicable licences, which in turn could have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

Because we do not expect to pay cash dividends in the foreseeable future after the Global Offering, you may not receive any return on your investment unless you sell your Shares for a price greater than that which you paid for them.

Dividend payments are not guaranteed, and the Board of Directors may decide, at its sole and absolute discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends, or pay dividends at levels lower than those anticipated by investors, the market price of the Shares may be negatively affected and the value of any investment in the Shares may be reduced. Any payment of dividends may adversely affect our ability to fund capital expenditures. As a result, we may be required to raise capital by issuing equity securities, subordinated debt or other capital instruments, which may not be possible on favourable terms or at all.

Accordingly, the return on your investment in the Shares will likely depend entirely upon any future price appreciation of the Shares. There is no guarantee that the Shares will appreciate in value after the Global Offering or even maintain the price at which you purchased the Shares. You may not realise a return on your investment in the Shares and you may even lose your entire investment in the Shares.

RISK FACTORS

The trading price of the Shares may experience volatility, which could result in substantial losses to investors.

The trading price of the Shares may experience volatility and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors. The following factors, in addition to other factors described in this “*Risk Factors*” section and included elsewhere and incorporated by reference in this prospectus, may have a significant impact on the market price of the Shares:

- our operating and financial performance, quarterly or annual earnings relative to similar companies;
- publication of research reports or news stories about us, our competitors or our industry, or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- the public’s reaction to our press releases, our other public announcements and our filings with the Stock Exchange;
- announcements by us or our competitors of acquisitions, business plans or commercial relationships;
- any major change in our Board of Directors or senior management;
- sales of our equity securities by us, our directors, executive officers or our Controlling Shareholders;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- short sales, hedging and other derivative transactions in the Shares;
- exposure to capital market risks related to changes in interest rates, realised investment losses, credit spreads, equity prices, foreign exchange rates and performance of insurance-linked investments;
- our creditworthiness, financial condition, performance, and prospects;
- our dividend policy and whether dividends on our ordinary shares have been, and are likely to be, declared and paid from time to time;
- perceptions of the investment opportunity associated with our common stock relative to other investment alternatives;
- regulatory or legal developments;

RISK FACTORS

- changes in general market, economic, and political conditions;
- conditions or trends in our industry, geographies or customers;
- changes in accounting standards, policies, guidance, interpretations or principles; and
- threatened or actual litigation or government investigations.

Any of these factors may result in large and sudden changes in the volume and price at which the Shares will trade.

Grants of share-based awards under our Equity Incentive Plans could result in dilution to our shareholders' equity ownership interest and an increase in share-based compensation expense.

FL and FGL adopted the Share Option and RSU Plan on 28 November 2017 for the purpose of granting share-based awards to eligible persons including directors, employees and consultants to incentivise their performance and align their interests with ours.

To the extent the Pre-IPO Awards granted under the Share Option and RSU Plan vest or are exercised prior to the Listing, they would have been satisfied with “stapled share units” in FL and FGL. However, pursuant to Phase 2 of the Reorganisation, instead of stapled share units, where vesting and/or exercise take place prior to Listing, the Pre-IPO Awards granted under the Share Option and RSU Plan will be satisfied by Management Shares. The Management Shares will be converted into Shares upon Listing. To the extent any of these outstanding awards are to be satisfied upon or after the Listing, such awards will be satisfied with Shares. As at the Latest Practicable Date, the total Pre-IPO Awards that are outstanding and may be satisfied by Shares represent, in aggregate, up to approximately 81,345,600 Shares (which will be 27,115,200 Shares after the Share Consolidation). No further grants of share-based awards will be made by FL and FGL under the Share Option and RSU Plan after the Listing.

The Board adopted the Share Award Plan and the Employee Share Purchase Plan on 30 January 2022 (and amended by the Board on 27 February 2023 with further minor amendments made on 8 August 2024 and on 16 May 2025) to provide our Company with flexibility to incentivise and retain talent. As of the Latest Practicable Date, share-based awards have been granted under the Share Award Plan, and no share-based awards have been granted under the Employee Share Purchase Plan.

Immediately following the completion of the Global Offering, the outstanding Pre-IPO Awards represent up to, in aggregate, approximately 25,659,330 Shares and 2.02% of our issued share capital.

RISK FACTORS

The total fair value of share-based awards granted by the Group amounted to US\$97 million, US\$70 million and US\$45 million during 2022, 2023 and 2024, respectively. Such grants will continue to be recorded as an expense over the respective vesting periods. See *“Financial Information – Critical Accounting Policies and Estimates – Share-Based Compensation and Valuation of Share Awards including Options.”* Any additional grants of share-based awards by our Company will further increase our share-based compensation expense.

In addition, Shares issued in connection with share-based awards will increase the number of Shares in issue and will result in a dilution of Shareholders’ equity ownership interest in our Company. Any actual or perceived sales of Shares by grantees of the share-based awards following the issuance of Shares to the grantees in accordance with the terms of the share-based awards may adversely affect the market price of the Shares. For details, please refer to *“Appendix V – Statutory and General Information – D. Equity Incentive Plans”* to this prospectus.

Substantial future sales or perceived potential sales of the Shares in the public market could cause the price of the Shares to decline.

Sales of substantial amounts of Shares in the public market after the completion of the Global Offering, or the perception that these sales could occur, could adversely affect the market price of our Shares. Although our Controlling Shareholders, Lock-Up Investors, directors and employees (as applicable) are subject to restrictions on their sales of Shares after Listing (see the *“Underwriting”* and *“History, Reorganisation and Corporate Structure – Major Shareholding Changes of our Company – Pre-IPO Investments”* sections), future sales of a significant number of our Shares by our Controlling Shareholders, Pre-IPO Investors, directors or employees in the public market after the Global Offering, or the perception that these sales could occur, could cause the market price of our Shares to decline and could materially impair our future ability to raise capital through offerings of our Shares. We cannot assure you that our Controlling Shareholders, Pre-IPO Investors, directors and employees will not dispose of Shares held by them or that we will not issue Shares pursuant to the general mandate to allot and issue Shares granted to our Directors, see *“Appendix V – Statutory and General Information”* or otherwise, upon the expiration of restrictions set out above. We cannot predict the effect, if any, that any future sales of Shares by our Controlling Shareholders, Pre-IPO Investors, directors and employees, or the availability of Shares for sale by our Controlling Shareholders, Pre-IPO Investors, directors and employees, or the issuance of Shares by our Company may have on the market price of the Shares. Sales or issuances of a substantial amount of Shares by our Controlling Shareholders, Pre-IPO Investors, directors, employees or us, (as the case may be) or the market perception that such sales or issuances may occur, could materially and adversely affect the prevailing market price of the Shares.

RISK FACTORS

GENERAL RISK FACTORS

Certain facts and other statistics in this prospectus with respect to the economies of the markets in which we operate and the insurance industry and market are derived from various official or third party sources and may not be accurate, reliable, complete or up to date.

We cannot assure you of the accuracy or completeness of certain facts, forecasts and other statistics contained in this prospectus that are obtained from various publicly available government and official sources and other independent third-party sources and publications. Certain facts, forecasts and other statistics relating to the insurance industry contained in this prospectus, particularly in “*Industry Overview*” have been derived from various public data sources and other independent third party sources, as well as an industry report of NMG which we commissioned. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, information from publicly available government and official sources and other independent third-party sources and publications has not been independently verified by us, the Controlling Shareholders, the underwriters or any of our, the Controlling Shareholders’ or the underwriters’, directors, officers, representatives or any other person involved in the Global Offering. Furthermore, any facts, forecasts, and other statistics from such sources may not be prepared on a comparable basis or may not be consistent with other sources. In addition, certain facts, forecasts and other statistics have been taken from publicly available government and official sources or statements. Neither we nor the Controlling Shareholders nor the underwriters nor any of our, the Controlling Shareholders’ or the underwriters’, directors, officers or representatives nor any other person involved in the Global Offering, are responsible for the accuracy, reliability or completeness of the information from such publicly available government and official sources . For these reasons, you should not place undue reliance on such information as a basis for making your investment in the Shares. You should carefully consider the importance placed on such information or statistics.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

The members of the Board are as follows:

Name	Address	Nationality
Chairman		
MA Si Hang, Frederick (馬時亨)	Flat B, 33/F, Block 3, Pacific View 38 Tai Tam Road Hong Kong	Chinese
Executive Directors		
LI Tzar Kai, Richard (李澤楷)	House 1 28 Gough Hill Road Hong Kong	Canadian
HUYNH Thanh Phong (alias 黃清風)	19 Cove Grove Singapore 098214	Canadian
Non-executive Directors		
Walter KIELHOLZ	Pilatusstrasse 18 8032 Zurich Switzerland	Swiss
John DACEY	Bauisstrasse 6 8702 Zollikon Switzerland	American
Independent Non-executive Directors		
CHUNG Kit Hung, Martina (鍾傑鴻)	F11, Moon Fair Mansion 11 Shiu Fai Terrace Wanchai, Hong Kong	Canadian
John BAIRD	103 Bedford Road Toronto, Ontario Canada M5R 2K4	Canadian
Dirk SLUIMERS	Vleysmanlaan 12 2242 PN Wassenaar Netherlands	Dutch

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Laura DEAL-LACEY	402 Golden Gate Avenue Belvedere CA 94920 United States of America	American
Kyoko HATTORI	Hiroo 4-1-5-405 Shibuya-ku Tokyo, Japan	Japanese
Yijia TIONG (張怡嘉)	Flat 1, G/F, Block A 12 Shouson Hill Road West Shouson Hill Hong Kong	Singaporean
LEUNG Ka Kui, Dominic (梁家駒)	Flat C2, 10/F, Block C Kingsford Gardens 212 Tin Hau Temple Road Hong Kong	Australian
Andrew WEIR	Flat C, 3/F, Kelford Mansion 168 Hollywood Road Sheung Wan Hong Kong	British

See “*Directors and Senior Management*” for further details.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

Morgan Stanley Asia Limited
46/F, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Overall Coordinators

Morgan Stanley Asia Limited
46/F, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road, Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Global Coordinators

Morgan Stanley Asia Limited
46/F, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road, Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Joint Bookrunners, Joint Lead Managers and Syndicate Capital Market Intermediaries

Morgan Stanley Asia Limited
46/F, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road, Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

**Senior Joint Lead Managers and
Syndicate Capital Market
Intermediaries**
(in alphabetical order)

BOCOM International Securities Limited
9/F, Man Yee Building,
68 Des Voeux Road Central, Central,
Hong Kong

CCB International Capital Limited
12/F., CCB Tower, 3
Connaught Road Central, Central,
Hong Kong

**Huatai Financial Holdings (Hong Kong)
Limited**
62/F., The Center,
99 Queen's Road, Central,
Hong Kong

ICBC International Securities Limited
37/F, ICBC Tower,
3 Garden Road,
Hong Kong

Mizuho Securities Asia Limited
14-15/F, K11 Atelier,
18 Salisbury Road,
Tsim Sha Tsui, Kowloon,
Hong Kong

**SMBC Nikko Securities (Hong Kong)
Limited**
Suites 807-811, 8/F, One International
Finance Centre,
1 Harbour View Street, Central,
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

**Joint Lead Managers and Syndicate
Capital Market Intermediaries**
(in alphabetical order)

DBS Asia Capital Limited
73/F The Center,
99 Queen's Road Central, Central,
Hong Kong

**Oversea-Chinese Banking Corporation
Limited**
9/F, Nine Queen's Road,
Central,
Hong Kong

UOB Kay Hian (Hong Kong) Limited
6/F, Harcourt House,
39 Gloucester Road,
Hong Kong

Financial Adviser to our Company

**The Hongkong and Shanghai Banking
Corporation Limited**
1 Queen's Road Central
Hong Kong

Legal Advisers to our Company

As to Hong Kong laws:
Linklaters
11/F, Alexandra House
Chater Road
Hong Kong

As to Hong Kong and U.S. laws:
Freshfields
55th Floor, One Island East
Taikoo Place, Quarry Bay
Hong Kong

As to Cayman Islands laws:
Walkers (Hong Kong)
15/F, Alexandra House
18 Chater Road, Central
Hong Kong

As to Bermuda laws:
Conyers Dill & Pearman
29th Floor, One Exchange Square
8 Connaught Place, Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to Indonesian laws:

**Ginting & Reksodiputro in association with
A&O Shearman**

15th Floor, The Energy Building
Sudirman Central Business District Jl Jend
Sudirman Kav 52-53
Jakarta 12190
Indonesia

As to Japanese laws:

Mori Hamada & Matsumoto

Marunouchi Park Building
2-6-1 Marunouchi
Chiyoda-ku, Tokyo 100-8222
Japan

As to Macau laws:

MdME

Avenida da Praia Grande
409 China Law Building
21/F
Macau

As to Malaysian laws:

Rahmat Lim & Partners

Suite 33.01, Level 33
The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

As to Philippine laws:

**Nisce Mamuric Guinto and
Alcantara Law Offices**

8/F 139 Corporate Center
139 Valero Street
Salcedo Village, Makati City 1227
Philippines

As to Singapore laws:

Rajah & Tann Singapore LLP

9 Straits View #06-07
Marina One West Tower
Singapore 018937

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

	<p><i>As to Thai laws:</i></p> <p>Baker & McKenzie Ltd. 195 One Bangkok Tower 4 30th-33rd Floors, Wireless Road Lumphini, Pathum Wan, Bangkok 10330 Thailand</p>
	<p><i>As to Vietnam laws:</i></p> <p>LNT & Partners Unit 03, Level 21, Bitexco Financial Tower No. 02 Hai Trieu Street, District 1 Ho Chi Minh City Vietnam</p>
Legal Adviser to the Joint Sponsors and the Underwriters	<p><i>As to Hong Kong and US laws:</i></p> <p>Slaughter and May 47/F, Jardine House One Connaught Place, Central Hong Kong</p>
Legal counsel to PCGI Holdings as a controlling shareholder of our Company	<p>Linklaters 11/F, Alexandra House Chater Road Hong Kong</p>
Reporting Accountants and Auditor	<p>Ernst & Young <i>Certified Public Accountants</i> <i>Registered Public Interest Entity Auditor</i> 27/F One Taikoo Place 979 Kings Road, Quarry Bay Hong Kong</p>
Actuarial Consultant	<p>Milliman Limited Unit 3901-02, 39th Floor AIA Tower, 183 Electric Road North Point, Hong Kong</p>
Industry Consultant	<p>N.M.G. Financial Services Consulting Limited 18th Floor, 100 Bishopsgate London EC2N 4AG United Kingdom</p>

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Compliance Adviser

CMB International Capital Limited
45/F, Champion Tower 3
Garden Road, Central
Hong Kong

Receiving Banks

Standard Chartered Bank (Hong Kong) Limited
18th Floor, Standard Chartered Tower
388 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

Bank of China (Hong Kong) Limited
7/F, Bank of China Centre
Olympian City 1
11 Hoi Fai Road
West Kowloon
Hong Kong

Bank of Communications (Hong Kong) Limited
Unit B B/F & G/F, Unit C G/F, 1-3/F, 16/F
Room 01 & 18/F
Wheelock House
20 Pedder Street, Central
Hong Kong

China Construction Bank (Asia) Corporation Limited
26/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

CMB Wing Lung Bank Limited
45 Des Voeux Road Central
Hong Kong

Industrial and Commercial Bank of China (Asia) Limited
33/F., ICBC Tower
3 Garden Road
Central
Hong Kong

CORPORATE INFORMATION

Registered Office	Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands
Headquarters and Principal Place of Business in Hong Kong	13/F, 14 Taikoo Wan Road Taikoo Shing Hong Kong
Company Secretary	YEUNG John Sze 13/F, 14 Taikoo Wan Road Taikoo Shing Hong Kong
Authorised Representatives	YEUNG John Sze 13/F, 14 Taikoo Wan Road Taikoo Shing Hong Kong HUYNH Thanh Phong 19 Cove Grove Singapore 098214
Alternative Authorised Representative	MA Si Hang, Frederick Flat B, 33/F, Block 3, Pacific View 38 Tai Tam Road Hong Kong
Audit Committee	MA Si Hang, Frederick (<i>Chairman</i>) Walter KIELHOLZ LEUNG Ka Kui, Dominic Dirk SLUIMERS Yijia TIONG Andrew WEIR
Compensation Committee	John BAIRD (<i>Chairman</i>) John DACEY Laura DEAL-LACEY Kyoko HATTORI LI Tzar Kai, Richard MA Si Hang, Frederick Yijia TIONG

CORPORATE INFORMATION

**Nomination and Corporate Governance
Committee**

MA Si Hang, Frederick (*Chairman*)
John BAIRD
Laura DEAL-LACEY
Kyoko HATTORI
Walter KIELHOLZ
Yijia TIONG

Risk Committee

John DACEY (*Chairman*)
John BAIRD
CHUNG Kit Hung, Martina
LEUNG Ka Kui, Dominic
MA Si Hang, Frederick
Dirk SLUIMERS
Andrew WEIR

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

Standard Chartered Bank (Hong Kong)
Limited
32/F, 4 - 4A Des Voeux Road Central
Hong Kong

**Principal Share Registrar and Transfer
Office**

Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008
Cayman Islands

Hong Kong Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Company's Website

www.fwd.com

*(A copy of this prospectus is available on our
Company's website. Except for the
information contained in this prospectus,
none of the other information contained on
our Company's website forms part of this
prospectus)*

OUR HISTORY AND DEVELOPMENT

Introduction

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 March 2013 under the name “Power Shine Limited” and on 12 November 2015 was renamed “PCGI Intermediate Holdings Limited”. We undertook the Reorganisation primarily to facilitate the Global Offering. On 20 August 2021, our Company was renamed “FWD Group Holdings Limited”. On 10 January 2022, our Company adopted the dual foreign name of “富衛集團有限公司”.

Our current business portfolio comprises life and health insurance, employee benefits and Shariah, family takaful products and general insurance. Our regional footprint spans across Hong Kong (and Macau), Thailand (and Cambodia), Japan, the Philippines, Indonesia, Singapore, Vietnam and Malaysia.

Acquisitions by Mr. Li and Birth of the FWD Brand

In February 2013, Mr. Li, one of our Controlling Shareholders, acquired life insurance companies in Hong Kong, Macau and Thailand, as well as the general insurance, employee benefits, MPF business and financial planning businesses in Hong Kong, from ING. With these acquisitions, we launched the FWD brand, which comprised FWD Life (Bermuda), FWD Thailand, FWD Life (Macau) and FWD Financial Planning.

In October 2013, Mr. Li (through PCGI Holdings) entered into an agreement with Swiss Re Investments, pursuant to which Swiss Re Investments agreed to invest up to US\$425 million in our Group. After the completion of Swiss Re Investments’ 2013 investment in our Group, Mr. Li, indirectly, owned and controlled our Group through his stake of 87.66% and Swiss Re Investments owned the remaining equity interest of 12.34% in our Group. Swiss Re Investments subsequently transferred its holdings in our Group to Swiss Re PICA through an internal share transfer in December 2020.

For further details of the background and work experience of Mr. Li, see the section headed “*Directors and Senior Management*” in this prospectus.

Growth of Our Group into New Markets and Businesses

From 2013 to 2024, we made a number of new market entries and expansions via a combination of organic opportunities and acquisitions, bringing the FWD brand to the Philippines, Indonesia, Singapore, Vietnam, Japan, Malaysia and Cambodia in addition to our existing presence in Hong Kong, Macau and Thailand.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Please refer to the paragraphs headed “*Major Acquisitions and Disposals*”, “*Reorganisation*” and “*Pre-IPO Investments*” in this section for subsequent shareholding changes resulting from the major acquisitions and disposals, major shareholding changes and internal restructuring steps undertaken by our Group as well as the Pre-IPO Investments, respectively.

BUSINESS MILESTONES

The following table illustrates our Group’s key business development milestones:

Year	Milestone
2013	<ul style="list-style-type: none">• In February 2013, Mr. Li, one of our Controlling Shareholders, acquired the Hong Kong, Macau and Thailand insurance businesses from ING and launched the FWD brand.• In October 2013, Swiss Re Investments acquired 12.34% of equity interest in our Group.
2014	<ul style="list-style-type: none">• In November 2013, we incorporated a subsidiary, FWD Philippines, in the Philippines. FWD Philippines obtained a life insurance licence in the Philippines in April 2014 and commenced its life insurance business in September 2014.
2015	<ul style="list-style-type: none">• In June 2015, we entered Indonesia by acquiring a direct equity stake of 50.1% in PT Finansial Wiramitra Danadyaksa, which was subsequently rebranded as FWD Indonesia. Subsequently, we increased our equity stake in FWD Indonesia, which reached 79.1% in March 2018.
2016	<ul style="list-style-type: none">• In April 2016, we entered Singapore by acquiring an equity interest of 90% in Shenton Insurance Pte. Ltd., which was subsequently rebranded as FWD Singapore. Subsequently, we acquired the entire remaining stake in the company, and it became our wholly-owned subsidiary in June 2019.• In June 2016, we entered Vietnam by acquiring the entire equity interest in Great Eastern Life (Vietnam) Company Limited, which was subsequently rebranded as FWD Vietnam.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Milestone
2017	<ul style="list-style-type: none"> In April 2017, we entered Japan by acquiring AIG Fuji Life Insurance Company, Limited which was subsequently rebranded as FWD Life Japan. In October 2017, we completed the transfer of FWD Pension Trust to Sun Life Hong Kong Limited, such transfer being the first phase of the disposal of our MPF and ORSO business in Hong Kong.
2019	<ul style="list-style-type: none"> In March 2019, we entered Malaysia by acquiring an equity interest of 49% in HSBC Amanah Takaful, which was subsequently rebranded as FWD Takaful. In March 2024, we acquired an additional 21% of the equity interest in FWD Takaful, which has brought our current equity interest in FWD Takaful to 70%. In connection with this acquisition, in February 2019, FWD Takaful also entered into a 10-year exclusive bancatakaful partnership with HSBC Amanah Malaysia Berhad, as supplier of family takaful products. In September 2019, we grew our presence in Thailand by acquiring an equity interest of 99.2% in SCB Life, which amalgamated with FWD Thailand in October 2020. In connection with this acquisition, we entered into a 15-year exclusive bancassurance partnership with SCB in September 2019, which was subsequently extended, in April 2023, by mutual agreement for a further two years. Subsequently, we increased our equity interest in the amalgamated company to 99.9%.
2020	<ul style="list-style-type: none"> In April 2020, we acquired the entire equity interest in VCLI, which was subsequently rebranded as FWD Assurance (Vietnam). In connection with this acquisition, we entered into a 15-year exclusive bancassurance partnership with VCB. In March 2022, we disposed our entire interest in FWD Assurance (Vietnam) to Tan Viet Securities Joint Stock Company and a group of investors. In June 2020, we grew our presence in Hong Kong by acquiring the entire equity interest in MetLife Limited and Metropolitan Life Insurance Company of Hong Kong Limited, which were subsequently rebranded as FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong), respectively.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Milestone
	<ul style="list-style-type: none"> Also, in June 2020, FWD Indonesia acquired the entire equity interest in PT Commonwealth Life and, indirectly through PT Commonwealth Life (now known as PT FWD Insurance Indonesia), the entire equity interest in PT First State Investments Indonesia (which changed its name to PT FWD Asset Management). In connection with these acquisitions, FWD Indonesia entered into a 15-year exclusive bancassurance partnership with PTBC, which was subsequently extended by mutual agreement to a 20-year term, and which converted from an exclusive arrangement into a non-exclusive arrangement on 1 September 2024. Subsequently, FWD Indonesia merged with PT FWD Insurance Indonesia in December 2020 and the merged entity (namely, PT FWD Insurance Indonesia) was rebranded as FWD Indonesia. In December 2020, we entered Cambodia by acquiring the entire share capital of Bangkok Life Assurance (Cambodia) Plc., which was subsequently rebranded as FWD Cambodia. Also, in December 2020, to streamline our business to focus on life insurance, we agreed to dispose of the GI Disposal Group to an affiliate, and at the same time, we completed the divestment of FWD General Insurance to our affiliate.
2021	<ul style="list-style-type: none"> In February 2021, we completed the divestment of the remaining two companies of the GI Disposal Group, iFWD TW and Bolttech Digital Solutions, to our affiliate. Also, in February 2021, we completed the final phase of the disposal of our MPF and ORSO business in Hong Kong, the first phase of which closed in 2017, with the completion of the transfer of certain Class G insurance policies issued by FWD Life (Bermuda) to Sun Life Hong Kong Limited. In March 2021, FWD Financial Services, a wholly-owned subsidiary of FL, subscribed for 29.9% of the issued share capital in BRI Life, which shares were subsequently transferred to FWD Management Holdings in October 2021. As part of this investment, over a three-year period from the initial subscription, we provided additional capital contributions to BRI Life, which has brought our current shareholding in BRI Life to 44.0%. In connection with this investment, BRI Life entered into a 15-year exclusive partnership with Bank BRI.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Milestone
2023	<ul style="list-style-type: none"> To grow our presence in Malaysia and to enable us to enter the Malaysian life insurance market alongside our existing takaful presence, in April 2023, we acquired, with local investors, a 70% effective interest in GBSN Life, a life insurance company in Malaysia. Subsequently, in October 2023, FWD Life Malaysia extended its existing exclusive distribution partnership with BSN in January 2029.

GROUP STRUCTURE AND MAJOR SUBSIDIARIES

The following table sets out the principal business activities, the place of incorporation, the location of business, the date of incorporation and the date of commencement of business of each member of our Group that made a material contribution to our results of operations during the Track Record Period:

Name of subsidiary	Principal business activities	Place of incorporation	Location of business	Date of incorporation	Date of commencement of business
FL	Investment holding	Cayman Islands	Hong Kong	December 2012	December 2012
FGL	Investment holding	Cayman Islands	Hong Kong	January 2013	January 2013
FWD Life (Bermuda)	Life insurance business	Bermuda	Hong Kong/ Singapore	April 1977	February 2013 ⁽¹⁾
FWD Reinsurance	Reinsurance business	Cayman Islands	Cayman Islands	February 2017	March 2017
FWD Life (Hong Kong)	Life insurance business	Hong Kong	Hong Kong	July 2001	June 2020 ⁽¹⁾
FWD Life Assurance (Hong Kong)	Life assurance business	Hong Kong	Hong Kong	May 1978	June 2020 ⁽¹⁾
FWD Life Japan	Life insurance business	Japan	Japan	August 1996	April 2017 ⁽¹⁾
FWD Life Malaysia	Life insurance business	Malaysia	Malaysia	October 1993	April 2023 ⁽¹⁾

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Name of subsidiary	Principal business activities	Place of incorporation	Location of business	Date of incorporation	Date of commencement of business
FWD Thailand (amalgamating FWD Life Insurance Public Company Limited and SCB Life)	Life insurance business	Thailand	Thailand	October 2020 ⁽²⁾	February 2013 ⁽¹⁾
FWD Management Holdings	Investment holding	Hong Kong	Hong Kong	May 2011	December 2011
FWD Life (Macau)	Life insurance business	Macau	Macau	July 1999	February 2013 ⁽¹⁾
FWD Takaful	Islamic insurance business (Family Takaful)	Malaysia	Malaysia	April 2006	March 2019 ⁽¹⁾
FWD Vietnam	Life insurance business & accident and health insurance business	Vietnam	Vietnam	November 2007	June 2016 ⁽¹⁾
FWD Assurance (Vietnam)	Life insurance business	Vietnam	Vietnam	October 2008	April 2020 ⁽¹⁾⁽³⁾
FWD Philippines	Life insurance business	Philippines	Philippines	November 2013	September 2014 ⁽¹⁾
FWD Singapore	Life and general insurance business	Singapore	Singapore	February 2005	April 2016 ⁽¹⁾
PT FWD Asset Management	Asset management	Indonesia	Indonesia	September 2003	June 2020 ⁽¹⁾⁽⁴⁾
PT FWD Insurance Indonesia	Life insurance business	Indonesia	Indonesia	April 1990	June 2020 ⁽¹⁾

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Notes:

- (1) This subsidiary was acquired by our Group subsequent to its incorporation. This date represents the date of closing of our Group's acquisition of such subsidiary.
- (2) SCB Life was amalgamated with FWD Thailand on 1 October 2020.
- (3) In March 2022 we disposed of our entire interest in FWD Assurance (Vietnam) to Tan Viet Securities Joint Stock Company and a group of investors. FWD Assurance (Vietnam) represented an immaterial part of the Group's business, and its disposal does not have any material impact on the Group's business and financial performance.
- (4) On 6 March 2025, the OJK approved the surrender of this subsidiary's investment management licence as a first step of its voluntary liquidation. On 26 March 2025, the shareholders of this subsidiary resolved to dissolve the company. PT FWD Asset Management is now in the liquidation process, which is expected to be completed in 2025. This entity represented an immaterial part of the Group's business. The proposed liquidation does not have any material impact on the Group's business and financial performance. For further details, see *"Regulatory Overview and Taxation – A. Regulatory Overview – Laws and Regulations Relating to the Group's Business and Operations in Indonesia – Asset Management Regulatory Framework."*

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Share capital of our Company

Our Company was incorporated on 18 March 2013 in the Cayman Islands under the name "Power Shine Limited" with an authorised share capital of US\$50,000.00 divided into 50,000 shares with a par value of US\$1.00 each (the **"Initial Shares"**). Upon incorporation, our Company allotted and issued one Initial Share to Offshore Incorporations (Cayman) Limited, who subsequently transferred the Initial Share to Mr. Li on 28 May 2013 at the same price, and our Company became wholly-owned by Mr. Li.

On 28 May 2013, the share capital of our Company was increased from US\$50,000.00 divided into 50,000 shares with a par value of US\$1.00 each to US\$25,000,000.00 divided into 25,000,000 shares with a par value of US\$1.00 each by the creation of 24,950,000 shares with a par value of US\$1.00 each. On 28 May 2013 and 29 May 2013, a further nine Initial Shares and 1,000,000 Initial Shares were allotted and issued to Mr. Li, respectively. Mr. Li subsequently transferred all of the 1,000,010 Initial Shares owned by him to a wholly-owned company, Best Concord Limited (which was subsequently renamed as "PCGI Holdings Limited" on 12 November 2015), on 30 May 2013. On 7 June 2013, Best Concord Limited transferred 4,500 Initial Shares to Chathaburi Holding Limited. The 4,500 Initial Shares were later transferred back to Best Concord Limited on 12 June 2014.

On 17 December 2020, we entered into a plan of merger with PCGI, pursuant to which PCGI merged with and into our Company in accordance with the Cayman Companies Act, with PCGI ceasing to exist and our Company as the surviving entity (the **"Merger"**). In connection with the Merger, our Company allotted and issued 18,486,640 Initial Shares to Mr. Li, being the sole shareholder of PCGI prior to completion of the Merger.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 23 December 2020, Mr. Li transferred the 18,486,640 Initial Shares to PCGI Holdings in consideration for newly issued shares in PCGI Holdings. Upon completion of such transfer, our Company became a wholly-owned subsidiary of PCGI Holdings.

On 13 May 2021, our Company allotted and issued 2,142,858 Initial Shares to PCGI Holdings, which increased our issued share capital to 21,629,508 Initial Shares.

On 20 August 2021, our Company carried out a subdivision of the 21,629,508 Initial Shares into 2,162,950,800 Shares. Following the subdivision, PCGI Holdings surrendered 1,514,065,560 Shares to our Company for no consideration, resulting in our Company's issued share capital being 648,885,240 Shares.

On 14, 15 and 20 December 2021, and on 14 and 27 January 2022, our Company allotted and issued additional Shares to certain pre-IPO investors, details of which are referred to under the paragraph headed "*Pre-IPO Investments*" in this section below.

On 19 December 2022, our Company allotted and issued 31,897,926 additional Shares to PCGI Holdings, which increased our issued share capital to 939,953,815 Shares.

On 31 July 2023, our Company reclassified and redesignated the authorised share capital of our Company from US\$25,000,000.00 divided into 2,500,000,000 Shares of a nominal or par value of US\$0.01 each to US\$25,000,000.00 divided into:

- (i) 2,118,816,290 Shares with a nominal or par value of US\$0.01 each;
- (ii) 65,000,000 Management Shares with a nominal or par value of US\$0.01 each;
- (iii) 120,099,900 Series P Conversion Shares with a nominal or par value of US\$0.01 each;
- (iv) 69,578,760 Series A Conversion Shares with a nominal or par value of US\$0.01 each;
- (v) 7,588,050 Series B-2 Conversion Shares with a nominal or par value of US\$0.01 each; and
- (vi) 118,917,000 Series B-3 Conversion Shares with a nominal or par value of US\$0.01 each.

Reorganisation

Please refer to the paragraph headed "*Reorganisation*" in this section for details of the restructuring steps undertaken by our Group.

Pre-IPO Investments

Please refer to the paragraph headed “*Pre-IPO Investments*” in this section for details of subsequent shareholding changes resulting from the Pre-IPO Investments.

MAJOR ACQUISITIONS AND DISPOSALS

As part of our business strategy and long-term development goals, we actively seek opportunities to diversify our business operations, and to streamline our operations. During the Track Record Period, we have made certain acquisitions, investments and disposals.

1. Acquisition of equity interest in GBSN Life

On 9 February 2023, FWD Life (Bermuda), FWD Management Holdings and The Prudential Insurance Company of America entered into a share purchase agreement pursuant to which FWD Management Holdings agreed to acquire 70% of the issued share capital of GBSN Holdings for a total consideration of US\$19.5 million. GBSN Holdings is the holding company of GBSN Life, a life insurance company in Malaysia. Approvals for the acquisition were obtained from the HKIA on 3 November 2022 and from the Ministry of Finance and BNM in Malaysia on 17 January 2023. Prior to completion of the acquisition on 3 April 2023, (a) a wholesale fund established by a Malaysian based asset management firm (the “Fund”) and two individuals subscribed for shares in our wholly-owned subsidiary, FMHCH, following which we, the Fund and the two individuals hold 20%, 51.44% and 28.56% shareholding interest in FMHCH, respectively; and (b) FWD Management Holdings and FWD Life (Bermuda) novated their respective rights and obligations under the share purchase agreement to FMHCH, which had the effect that FMHCH was the entity that acquired the 70% equity interest in GBSN Holdings at completion of the acquisition on 3 April 2023. The financial results of GBSN Holdings and GBSN Life are consolidated into the financial statements of the Group.

As part of this acquisition, on 3 April 2023, the Group benefited from the existing exclusive distribution agreement between GBSN Life and BSN for the marketing of GBSN Life’s life insurance products through BSN’s distribution channels. Subsequently, the distribution agreement was amended in October 2023, pursuant to which the parties agreed to extend the term of the exclusive partnership until January 2029.

The purchase price was determined after arm’s length negotiations between the parties by reference to the financial performance of GBSN Life. Our Directors believe that the terms of the acquisition of shares in GBSN Holdings are fair and reasonable and in the interests of the Shareholders as a whole.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

GBSN Life is a life insurance company in Malaysia. To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, The Prudential Insurance Company of America, GBSN Holdings, the Fund and the two individual subscribers in shares in FMHCH and (where applicable) their ultimate beneficial owner(s) are independent of our Company and our connected persons.

This acquisition has enabled our Group to enter into the life insurance market in Malaysia alongside our existing takaful presence and has allowed us to create a full-service offering in Malaysia to offer both family takaful and life insurance solutions in a rapidly growing market with long-term potential for growth, as well as to benefit from GBSN Life's existing exclusive life insurance distribution partnership with BSN. The acquisition substantially completes our Group's footprint in Southeast Asia and is in line with the strategy of our Group of partnering with leading banks to expand our customer reach in Southeast Asia.

2. Increase of our Company's interests in BRI Life and FWD Takaful

In March 2021, FWD Financial Services, a wholly-owned subsidiary of FL, in consideration for US\$273 million, subscribed for 29.9% of the issued share capital in BRI Life, which shares were subsequently transferred to FWD Management Holdings in October 2021. As part of this investment, over a three-year period from the initial subscription, we provided additional capital contributions of an aggregate of US\$154 million to BRI Life, which has brought our current shareholding in BRI Life to 44.0%.

In March 2019, we entered Malaysia by acquiring, in consideration for US\$20 million, an equity interest of 49% in HSBC Amanah Takaful, which was subsequently rebranded as FWD Takaful. In March 2024, we acquired an additional 21% of the equity interest in FWD Takaful for a consideration of US\$26 million, which has brought our current equity interest in FWD Takaful to 70%.

Compliance with Rule 4.05A of the Listing Rules

None of the applicable percentage ratios as defined under the Listing Rules in respect of the abovementioned major acquisitions during the Track Record Period exceeds 25%; as such, the pre-acquisition financial information in respect of such major acquisitions is not required to be disclosed.

REORGANISATION

Background to the Reorganisation

We have undertaken the Reorganisation in an effort to unify the ownership structure of our Group, as well as to facilitate the Global Offering. We believe this will enhance organisational efficiency. Below is a description of the Reorganisation, Phase 1 and Phase 2 of which have been completed and Phase 3 of which is conditional upon receiving certain regulatory approvals and upon Listing taking place.

Please refer to the paragraph headed “*Corporate Structure*” in this section for the structure charts depicting the shareholding structure of our Group before and after the Reorganisation (as detailed below).

Phase 1: Merger of PCGI into our Company, consolidation of Mr. Li’s interests into PCGI Holdings and transfer of PCGI Intermediate and PCGI Intermediate II Holdings (“Phase 1”)

On 17 December 2020, we entered into a plan of merger with PCGI, pursuant to which PCGI merged with and into our Company in accordance with the Cayman Companies Act, with PCGI ceasing to exist and our Company as the surviving entity (the “**Merger**”). The Merger was completed on the same day, whereby we assumed all of the assets and liabilities of PCGI and directly held 71.82% of the issued share capital in each of FL and FGL and 100% interest in each of PCGI Intermediate and PCGI Intermediate II Holdings.

On 23 December 2020, Mr. Li transferred his direct shareholding in our Company to PCGI Holdings in consideration for newly issued shares in PCGI Holdings. Upon completion of such transfer, our Company became a wholly-owned subsidiary of PCGI Holdings, which is a vehicle through which Mr. Li holds interests in our Group.

On that date, we transferred the entire issued share capital of PCGI Intermediate and PCGI Intermediate II Holdings (both entities of which are issuers of public bonds unrelated to our Group’s business or financing) to PCGI Holdings. Immediately following the transfer, PCGI Holdings directly held the entire issued share capital of PCGI Intermediate, PCGI Intermediate II Holdings and our Company. Pursuant to the entry into a deed of novation and release, an intragroup deed of transfer and novation and two deeds of guarantee between our Group and PCGI Holdings, the indebtedness and guarantees of our Company with respect to PCGI Intermediate and PCGI Intermediate II Holdings were novated to PCGI Holdings following such transfer.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Phase 2: Equity restructuring of security interests in FL and FGL (“Phase 2”)

In connection with the Reorganisation, we entered into a third amended and restated implementation agreement dated 31 July 2023 with PCGI Holdings, FL, FGL and securityholders in our Group which held interests in FL and FGL (including the Pre-IPO Investors of the Previous Rounds Pre-IPO Investments, individual shareholders and senior management) (the “**Implementation Agreement**”).

Pursuant to the Implementation Agreement, we acquired the interests of FL and FGL (being ordinary shares, preference shares and CPS in FL and FGL) held by these securityholders in consideration for the issuance of our Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares. All warrants granted by FL and FGL held thereby have lapsed as of the date of this prospectus.

The numbers of Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares each such securityholder received were as follows:

- (a) for each ordinary share issued by FL and FGL (considered on a stapled basis), the issue by our Company of 30 Management Shares;
- (b) for each preference share issued by FL and FGL (considered on a stapled basis), the issue by our Company of 30 Series P Conversion Shares; and
- (c) for each CPS issued by FL and FGL (considered on a stapled basis), the issue by our Company of 30 Series A/B-2/B-3 Conversion Shares (as relevant).

Following completion of Phase 2, our Company holds 100% of the issued share capital of FL and FGL and continues to retain its holding of ordinary shares, preference shares and CPS in FL and FGL.

Phase 3: Conversion of Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares into Shares (“Phase 3”)

Pursuant to the Implementation Agreement and conditional upon the Listing, we have agreed that all Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares will convert into Shares through the consolidation, redesignation and reclassification of the Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares by operation of the laws of the Cayman Islands, and any further issuances or surrenders of Shares as required to result in each holder of Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares holding its FL/FGL Holding Percentage (as defined below) of Shares.

The number of Shares which each such securityholder will be entitled to will be determined by reference to such securityholder’s as-converted percentage holding of the issued ordinary share capital of each of FL and FGL had Phase 2 not been completed (the

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

“**FL/FGL Holding Percentage**”) such that immediately after the issuance of the Shares to all such securityholders, each such securityholder will hold a percentage of the then total number of outstanding Shares (excluding Shares held by the Pre-IPO Investors of the Pre-IPO Investments 2021/2022) as is equal to its FL/FGL Holding Percentage.

For the purpose of determining the FL/FGL Holding Percentage this will be:

- (a) calculated as if Phase 2 had not been completed and each holder of Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares had continued to hold ordinary shares, preference shares, and CPS in FL and FGL for the period between the completion of Phase 2 and Phase 3;
- (b) calculated as if each person entitled to a Pre-IPO Award has been issued such number of ordinary shares in FL and FGL as is equivalent to his or her awards granted under the Share Option and RSU Plan;
- (c) in the case of holders of preference shares in FL and FGL, each of their preference shares will be treated as being converted to one ordinary share in FL and FGL; and
- (d) in the case of holders of CPS in FL and FGL, each of their CPS will be treated as being converted to such number of ordinary shares in FL and FGL taking into account, among other factors, (i) the sum of the respective invested principal amount and accrued interest at the applicable coupon of between approximately 6% per annum to 16% per annum up to the date of the Listing and (ii) Offer Price.

Following completion of Phase 3, the holders of Management Shares, Series P Conversion Shares and Series A/B-2/B-3 Conversion Shares will hold their respective FL/FGL Holding Percentage of indirect interests in FL and FGL through the holding of our Shares (subject to the Share Consolidation and dilution arising from the Global Offering) and will not be entitled to any special rights upon completion of the Global Offering. Accordingly, there will only be one class of shares, being Shares in the issued share capital of the Company, and all Shareholders in our Company will hold such Shares following completion of the Global Offering.

PRE-IPO INVESTMENTS

Overview

The Group had received eight rounds of Pre-IPO Investments, in respect of which Pre-IPO Investors subscribed for CPS in FL and FGL which were converted into Series A/B-2/B-3 Conversion Shares during Phase 2 of the Reorganisation of our Shares. Details of our Pre-IPO Investments are summarised below.

Subscription of Series A CPS of FL and FGL by RRJ

On 10 February 2017, a subscription agreement was entered into among FL, FGL, Eastwood Asset Holding (which is controlled by RRJ) and RRJ pursuant to which Eastwood Asset Holding was allotted and issued CPS in FL with a par value of US\$0.01 each and CPS in FGL with a par value of US\$0.01 each (which were re-designated on 1 March 2018 as Series A CPS in FL and FGL respectively) (the “**RRJ First Pre-IPO Investment**”).

On the same day, Eastwood Asset Holding, Swiss Re Investments, PCGI and our Company entered into a side undertaking letter in connection with the aforementioned subscription agreement (the “**RRJ Side Undertaking Letter**”) pursuant to which, among other things: (i) Eastwood Asset Holding granted PCGI and our Company the right to require Eastwood Asset Holding to, in consideration of the buyback amount prescribed in the RRJ Side Undertaking Letter, transfer all or any part of the Series A CPS in FL and FGL allotted and issued under the subscription agreement to PCGI/our Company or to PCGI/our Company’s order; and (ii) PCGI and our Company unconditionally and irrevocably guaranteed to Eastwood Asset Holding that if FL or FGL does not pay any sum payable by it under the Series A CPS or in respect of any breach of its respective warranties under the subscription agreement, PCGI and our Company shall pay such sum in cash to Eastwood Asset Holding.

As noted under the section headed “– *Buyback of Series A CPS of FL and FGL by Fornax and PCGI*” below, the RRJ Side Undertaking Letter lapsed in February 2020.

The table below sets out the principal terms of the RRJ First Pre-IPO Investment:

Name of our Pre-IPO Investor	Eastwood Asset Holding
Date of investment	10 February 2017
Number of CPS at the time of the subscription but subsequently redesignated to Series A CPS	(i) FL: 1,264,672 Series A CPS in FL ⁽¹⁾ (ii) FGL: 1,264,672 Series A CPS in FGL ⁽¹⁾

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Name of our Pre-IPO Investor	Eastwood Asset Holding
Number of Series A CPS held immediately prior to Phase 2	Nil ⁽¹⁾
Number of Series A Conversion Shares upon completion of Phase 2	Nil ⁽¹⁾
Cost per Series A CPS at the time of the subscription	(i) FL: US\$0.01 per Series A CPS in FL (ii) FGL: US\$316.29 per Series A CPS in FGL
Total consideration at the time of the subscription	(i) FL: US\$12,647 in respect of Series A CPS in FL (ii) FGL: US\$400,000,000 in respect of Series A CPS in FGL
Basis of determination of the consideration	The subscription consideration was determined based on arm's length negotiations between the parties with reference to the agreed valuation of FL and FGL (as the case may be) at the time of investment, taking into account the timing of the investment and the then status of the businesses carried out by FL and FGL
Date on which the investment was fully settled	23 February 2017

Note:

- ⁽¹⁾ On 16 January 2020, Eastwood Asset Holding undertook a transfer of 1,054,630 Series A CPS in each of FL and FGL to Fornax. On 14 February 2020, Eastwood Asset Holding undertook a further transfer of 210,042 Series A CPS in each of FL and FGL to our Company. Following such transfers, Eastwood Asset Holding ceased to hold any Series A CPS in each of FL and FGL. See “– *Buyback of Series A CPS of FL and FGL by Fornax and PCGI*” for more details.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Subscription of Series A CPS of FL and FGL by GIC Blue

On 27 March 2017, a subscription agreement was entered into among FL, FGL and Crimson White Investment, pursuant to which Crimson White Investment, an investment vehicle of the Minister for Finance of the Government of Singapore and an affiliate of GIC Blue, was allotted and issued CPS in FL with a par value of US\$0.01 each and CPS in FGL with a par value of US\$0.01 each (which were re-designated on 1 March 2018 as Series A CPS in FL and FGL respectively) (the “**GIC Blue Pre-IPO Investment**”).

The table below sets out the principal terms of the GIC Blue Pre-IPO Investment:

Name of our Pre-IPO Investor	Crimson White Investment
Date of investment	27 March 2017
Number of CPS at the time of the subscription but subsequently redesignated to Series A CPS	(i) FL: 316,158 Series A CPS in FL (ii) FGL: 316,158 Series A CPS in FGL
Number of Series A CPS held immediately prior to Phase 2	(i) FL: 316,158 Series A CPS in FL (ii) FGL: 316,158 Series A CPS in FGL
Number of Series A Conversion Shares held upon completion of Phase 2⁽¹⁾	9,484,740 Series A Conversion Shares
Number of Shares held after completion of Phase 3 and the Global Offering	68,193,948
Cost per Series A CPS at the time of the subscription	(i) FL: US\$0.01 per Series A CPS in FL (ii) FGL: US\$316.29 per Series A CPS in FGL
Total consideration at the time of the subscription	(i) FL: US\$3,161.58 in respect of Series A CPS in FL (ii) FGL: US\$99,996,837.12 in respect of Series A CPS in FGL

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Basis of determination of the consideration	The subscription consideration was determined based on arm's length negotiations between the parties with reference to the agreed valuation of FL and FGL (as the case may be) at the time of investment, taking into account the timing of the investment and the then status of the businesses carried out by FL and FGL
Effective discount to the Offer Price⁽²⁾	70%
Date on which the investment was fully settled	11 May 2017
Conversion in Phase 3 of the Reorganisation	<p>Pursuant to the Implementation Agreement, such Series A Conversion Shares would be converted into our Shares to be issued to the relevant Pre-IPO Investor conditional on, and upon, Listing.</p> <p>Each of such Series A Conversion Shares will be converted to such number of Shares in our Company taking into account, among others, (a) the sum of the invested principal amount and accrued interest from 11 May 2017 at the coupon of approximately 15.9% per annum up to the date of the Listing and (b) the Offer Price.</p>

Notes:

- ⁽¹⁾ Pursuant to the Implementation Agreement, Crimson White Investment acquired 30 Series A Conversion Shares for each Series A CPS issued by FL and FGL (considered on a stapled basis) it held. For further details, please refer to section headed "*History, Reorganisation and Corporate Structure – Reorganisation – Phase 2: Equity restructuring of security interests in FL and FGL*".
- ⁽²⁾ The effective discount to the Offer Price is calculated on the basis of the Offer Price of HK\$38.00 per Share. In accordance with Phase 3 of the Reorganisation, the Series A Conversion Shares held by Crimson White Investment will be converted into 204,581,846 Shares (which will be 68,193,948 Shares after the Share Consolidation).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Subscription of Series A CPS of FL and FGL by HOPU

On 1 March 2018, a subscription agreement was entered into by, among others, FL, FGL, Future Financial Investment (which is controlled by HOPU) and HOPU, pursuant to which Future Financial Investment was allotted and issued Series A CPS in FL with a par value of US\$0.01 each and Series A CPS in FGL with a par value of US\$0.01 each (the “**HOPU Pre-IPO Investment**”).

The table below sets out the principal terms of the HOPU Pre-IPO Investment:

Name of our Pre-IPO Investor	Future Financial Investment
Date of investment	1 March 2018
Number of Series A CPS at the time of the subscription	(i) FL: 948,504 Series A CPS in FL (ii) FGL: 948,504 Series A CPS in FGL
Number of Series A CPS held immediately prior to Phase 2	(i) FL: 512,529 Series A CPS in FL ⁽¹⁾ (ii) FGL: 512,529 Series A CPS in FGL ⁽¹⁾
Number of Series A Conversion Shares held upon completion of Phase 2⁽²⁾	15,375,870 Series A Conversion Shares
Number of Series A Conversion Shares held immediately prior to Phase 3 and the Global Offering⁽³⁾	13,935,579 ⁽³⁾
Number of Shares held after the completion of Phase 3 and the Global Offering	80,089,944 ⁽³⁾
Cost paid per Series A CPS at the time of the subscription	(i) FL: US\$0.01 per Series A CPS in FL (ii) FGL: US\$316.29 per Series A CPS in FGL
Total consideration at the time of the subscription	(i) FL: US\$9,485.04 in respect of Series A CPS in FL (ii) FGL: US\$300,000,000 in respect of Series A CPS in FGL

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Effective discount to the Offer Price⁽⁴⁾	64%
Basis of determination of the consideration	The subscription consideration was determined based on arm's length negotiations between the parties with reference to the agreed valuation of FL and FGL (as the case may be) at the time of investment, taking into account the timing of the investment and the then status of the businesses carried out by FL and FGL
Date of which the investment was fully settled	7 March 2018
Conversion in Phase 3 of the Reorganisation	<p>Pursuant to the Implementation Agreement, such Series A Conversion Shares would be converted into Shares to be issued to the relevant Pre-IPO Investor conditional on, and upon, Listing.</p> <p>Each of such Series A Conversion Shares will be converted to such number of Shares in our Company taking into account, among others, (a) the sum of the invested principal amount and accrued interest from 7 March 2018 at the coupon of approximately 14.4% per annum up to the date of the Listing and (b) the Offer Price.</p>

Notes:

- ⁽¹⁾ On 27 October 2020, Future Financial Investment undertook a transfer of 435,975 Series A CPS in each of FL and FGL to Fornax. As such, Future Financial Investment became the registered owner of the 512,529 Series A CPS in each of FL and FGL thereafter.
- ⁽²⁾ Pursuant to the Implementation Agreement, Future Financial Investment acquired 30 Series A Conversion Shares for each Series A CPS issued by FL and FGL (considered on a stapled basis) it held. For further details, please refer to section headed "*History, Reorganisation and Corporate Structure – Reorganisation – Phase 2: Equity restructuring of security interests in FL and FGL*".
- ⁽³⁾ On 24 June 2025, Future Financial Investment agreed to undertake a transfer prior to Listing of 1,440,291 Series A Conversion Shares in our Company to PCGI Holdings and to waive its entitlement to receive Shares in connection with a portion of its holding in Series A Conversion Shares, such portion being 1,440,291 Series A Conversion Shares (which will not be issued by the Company) upon completion of Phase 3 and the Global Offering.

For further details, please see "*History, Reorganisation and Corporate Structure – Pre-IPO Investments – Transfer of Series A Conversion Shares from Future Financial Investment to PCGI Holdings*".

- ⁽⁴⁾ The effective discount to the Offer Price is calculated with reference to the invested principal amount and accrued interest and takes into account subsequent transfers and buybacks following the original subscription. On the basis of the Offer Price of HK\$38.00 per Share, in accordance with Phase 3 of the Reorganisation, the Series A Conversion Shares held by Future Financial Investment will be converted into a total of 240,269,832 Shares (which will be 80,089,944 Shares after the Share Consolidation).

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Buyback of Series A CPS of FL and FGL by Fornax and PCGI

On 6 January 2020, pursuant to the RRJ Side Undertaking Letter, PCGI and our Company issued a buyback notice to Eastwood Asset Holding pursuant to which PCGI and our Company exercised its buyback right to require Eastwood Asset Holding to transfer to Fornax (i) 1,054,630 Series A CPS in FL for a total consideration of US\$15,807.91, and (ii) 1,054,630 Series A CPS in FGL for a total consideration of US\$499,984,462.68, on 16 January 2020 (the “**Fornax Buyback**”).

On 5 February 2020, PCGI and our Company further issued a buyback notice to Eastwood Asset Holding pursuant to which PCGI and our Company exercised its buyback right to require Eastwood Asset Holding to transfer to our Company (i) 210,042 Series A CPS in FL for a total consideration of US\$3,184.71, and (ii) 210,042 Series A CPS in FGL for a total consideration of US\$100,728,274.86 on 14 February 2020 (the “**Company Buyback**”).

The Fornax Buyback and the Company Buyback represented an opportunity for Fornax and PCG to increase their interests in the Group as the Series A CPSs could be converted into shares, while providing a return.

Following the Fornax Buyback and the Company Buyback, all Series A CPS in FL and FGL initially allotted and issued to Eastwood Asset Holding have been bought back and the RRJ Side Undertaking Letter lapsed.

The table below sets out the principal terms of the Fornax Buyback and the Company Buyback:

Name of our Pre-IPO Investor	Fornax	Our Company
Date of investment	6 January 2020	5 February 2020
Number of Series A CPS acquired at the time of the Fornax Buyback/ the Company Buyback	(i) FL: 1,054,630 Series A CPS in FL (ii) FGL: 1,054,630 Series A CPS in FGL	(i) FL: 210,042 Series A CPS in FL (ii) FGL: 210,042 Series A CPS in FGL
Number of Series A CPS held immediately prior to Phase 2	(i) FL: 445,805 Series A CPS in FL ⁽¹⁾ (ii) FGL: 445,805 Series A CPS in FGL ⁽¹⁾	(i) FL: 210,042 Series A CPS in FL (ii) FGL: 210,042 Series A CPS in FGL

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Number of Series A Conversion Shares held upon completion of Phase 2⁽²⁾	13,374,150 Series A Conversion Shares	Not applicable ⁽³⁾
Number of Series A Conversion Shares held immediately prior to Phase 3 and the Global Offering	6,327,780 Series A Conversion Shares ⁽⁴⁾	Not applicable ⁽³⁾
Number of Shares held after completion of Phase 3 and the Global Offering	46,857,220	Not applicable ⁽³⁾
Cost paid per Series A CPS at the time of the relevant buyback	(i) FL: US\$0.01 per Series A CPS in FL (ii) FGL: US\$474.09 per Series A CPS in FGL	(i) FL: US\$0.02 per Series A CPS in FL (ii) FGL: US\$479.56 per Series A CPS in FGL
Total consideration at the time of the relevant buyback	(i) FL: US\$15,807.91 in respect of Series A CPS in FL (ii) FGL: US\$499,984,462.68 in respect of Series A CPS in FGL	(i) FL: US\$3,184.71 in respect of Series A CPS in FL (ii) FGL: US\$100,728,274.86 in respect of Series A CPS in FGL
Basis of determination of the consideration	The consideration was determined based on arm's length negotiations between the parties with reference to the agreed valuation of FL and FGL (as the case may be) at the time of the purchase, taking into account the timing of the purchase and the then status of the businesses carried on by FL/FGL	
Effective discount to the Offer Price⁽⁵⁾	65%	Not applicable ⁽³⁾
Date of which the investment was fully settled	16 January 2020	14 February 2020

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Conversion in Phase 3 of the Reorganisation Pursuant to the Implementation Agreement, such Series A Conversion Shares held by Fornax would be converted into our Shares to be issued to the relevant Pre-IPO Investor conditional on, and upon, Listing.

Each of such Series A Conversion Shares will be converted to such number of Shares in our Company taking into account, among others, (a) the sum of the invested principal amount and accrued interest from 23 February 2017 at the coupon of approximately 15.9% per annum up to the date of the Listing and (b) the Offer Price.

Notes:

- (1) On 27 October 2020, Fornax received 435,975 Series A CPS in each of FL and FGL from Future Financial Investment. On 26 August 2022, Fornax undertook a transfer of 617,631 Series A CPS in each of FL and FGL to PCGI Holdings for a total consideration of US\$420,000,222.91, which represented a then internal reorganisation of economic interests in the Company which are ultimately held by Mr. Li. PCGI Holdings held 19,969,221 Series A Conversion Shares immediately prior to Phase 3, which will be converted to 439,315,396 Shares (which will be 146,438,465 Shares after the Share Consolidation) after completion of Phase 3 and the Global Offering. On 6 July 2023, our Company issued buyback notices to Fornax pursuant to which PCGI and our Company exercised its buyback right to require Fornax to transfer to Spring Achiever Limited 427,169 Series A CPS in each of FL and FGL.
- (2) Pursuant to the Implementation Agreement, Fornax acquired 30 Series A Conversion Shares for each Series A CPS issued by FL and FGL (considered on a stapled basis) it held. For further details, please refer to section headed “History, Reorganisation and Corporate Structure – Reorganisation – Phase 2: Equity restructuring of security interests in FL and FGL”.
- (3) The number of Series A Conversion Shares held after the completion of Phase 2 and the number of Shares held after completion of the Global Offering and effective discount to the Offer Price is not applicable with respect to Series A CPS held by our Company as our holding of CPS in FL and FGL was not exchanged for Series A Conversion Shares under Phase 2.
- (4) On 16 August 2023, Fornax undertook a transfer of 7,046,370 Series A Conversion Shares in our Company pursuant to the Spring Achiever HK Transfer as defined in the section headed “– Transfer of Series A Conversion Shares and Series B-3 Conversion Shares from Fornax to Spring Achiever HK” below.
- (5) The effective discount to the Offer Price is calculated with reference to the invested principal amount and accrued interest and takes into account subsequent transfers and buybacks following the original subscription. On the basis of the Offer Price of HK\$38.00 per Share, in accordance with Phase 3 of the Reorganisation, the aforementioned Series A Conversion Shares held by Fornax and PCGI Holdings will be converted into 140,571,661 Shares and 439,315,396 Shares, respectively (which will be 46,857,220 Shares and 146,438,465 Shares after the Share Consolidation, respectively).

Buyback of Series A CPS of FL and FGL by Spring Achiever Limited

On 5 July 2023, our Company issued buyback notices to Fornax pursuant to which PCGI and our Company exercised its buyback right to require Fornax to transfer to Spring Achiever Limited (i) 427,169 Series A CPS in FL for a total consideration of HK\$70,428.79, and (ii) 427,169 Series A CPS in FGL for a total consideration of HK\$2,227,573,592.15 (the “**Spring Achiever Series A Buyback**”). The Spring Achiever Series A Buyback, together with the Spring Achiever Series B Buyback (see “*Buyback of Series B-3 CPS of FL and FGL by Spring Achiever Limited*”), were part of a restructuring of Falcon 2019 Co-Invest A, L.P., of which Fornax is an indirect wholly owned subsidiary.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The table below sets out the principal terms of the Spring Achiever Series A Buyback:

Name of our Pre-IPO Investor	Spring Achiever Limited
Date of investment	6 July 2023
Number of Series A CPS acquired at the time of the Spring Achiever Series A Buyback:	(i) FL: 427,169 Series A CPS in FL (ii) FGL: 427,169 Series A CPS in FGL
Number of Series A CPS held immediately prior to Phase 2:	(i) FL: 427,169 Series A CPS in FL (ii) FGL: 427,169 Series A CPS in FGL
Number of Series A Conversion Shares held upon completion of Phase 2	12,815,070 Series A Conversion Shares
Number of Shares held after completion of Phase 3 and the Global Offering	82,139,628
Cost paid per Series A CPS at the time of the Spring Achiever Series A Buyback	(i) FL: US\$0.02 per Series A CPS in FL ⁽²⁾ (ii) FGL: US\$664.30 per Series A CPS in FGL ⁽²⁾
Total consideration at the time of the Spring Achiever Series A Buyback	(i) FL: HK\$70,428.79 in respect of Series A CPS in FL (ii) FGL: HK\$2,227,573,592.15 in respect of Series A CPS in FGL
Basis of determination of the consideration	The consideration was determined based on arm's length negotiations between the parties with reference to the agreed valuation of FL and FGL (as the case may be) at the time of the purchase, taking into account the timing of the purchase and the then status of the businesses carried on by FL/FGL.
Effective discount to the Offer Price⁽³⁾	64%

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Date of which the investment was fully settled 6 July 2023

Conversion in Phase 3 of the Reorganisation Pursuant to the Implementation Agreement, such Series A Conversion Shares held by Spring Achiever Limited would be converted into Shares to be issued to the relevant Pre-IPO Investor conditional on, and upon, Listing.

Each of such Series A Conversion Shares will be converted to such number of Shares in our Company taking into account, among others, (a) the sum of the invested principal amount and accrued interest from 7 March 2018 at the coupon of approximately 16.0% per annum up to the date of the Listing; and (b) the Offer Price.

Notes:

- ⁽¹⁾ Pursuant to the Implementation Agreement, Spring Achiever Limited acquired 30 Series A Conversion Shares for each CPS issued by FL and FGL (considered on a stapled basis) it held. For further details, please refer to section headed “*History, Reorganisation and Corporate Structure – Reorganisation – Phase 2: Equity restructuring of security interests in FL and FGL*”.
- ⁽²⁾ The cost paid as denominated in Hong Kong dollars was translated at the time to US\$ at an exchange rate of US\$1 = HK\$7.85.
- ⁽³⁾ The effective discount to the Offer Price is calculated with reference to the invested principal amount and accrued interest and takes into account subsequent transfers and buybacks following the original subscription. On the basis of the Offer Price of HK\$38.00 per Share, in accordance with Phase 3 of the Reorganisation, the aforementioned Series A Conversion Shares held by Spring Achiever Limited will be converted into a total of 246,418,886 Shares (which will be 82,139,628 Shares after the Share Consolidation).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Transfer of Series A Conversion Shares and Series B-3 Conversion Shares from Fornax to Spring Achiever HK

On 16 August 2023, Fornax undertook a transfer of 7,046,370 Series A Conversion Shares and 88,000,260 Series B-3 Conversion Shares in our Company to Spring Achiever HK in consideration for Spring Achiever HK issuing a loan note in the amount of US\$1,275,041,290 in favour of Fornax (the “**Spring Achiever HK Transfer**”).

The table below sets out the principal terms of the Spring Achiever HK Transfer:

Name of our Pre-IPO Investor	Spring Achiever HK
Date of investment	16 August 2023
Number of shares transferred pursuant to the Spring Achiever HK Transfer	7,046,370 Series A Conversion Shares 88,000,260 Series B-3 Conversion Shares
Number of Shares held after completion of Phase 3 and the Global Offering	314,146,078
Total consideration for transfer	US\$1,275,041,290 ⁽¹⁾
Basis of determination of the consideration	The subscription consideration was determined based on arm’s length negotiations between the parties with reference to the agreed valuation of our Company at the time of investment, taking into account the timing of the investment and the then status of the businesses carried out by our Company
Effective discount to the Offer Price⁽²⁾	27% - 65%
Date on which the investment was fully settled	16 August 2023
Conversion in Phase 3 of the Reorganisation	Pursuant to the Implementation Agreement, such Series A Conversion Shares and Series B-3 Conversion Shares would be converted into our Shares to be issued to the relevant Pre-IPO Investor conditional on, and upon, Listing.

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Each of such Series A Conversion Shares and Series B-3 Conversion Shares will be converted to such number of Shares in our Company taking into account, among others, (a) the sum of the invested principal amount and in respect of the Series A Conversion Shares, accrued interest from 23 February 2017 and 7 March 2018 at the coupon of approximately 15.9% per annum up to the date of the Listing, and in respect of the Series B-3 Conversion Shares, accrued interest from 23 October 2020 at the coupon of approximately 6.4% per annum up to the date of the Listing, (b) the Offer Price.

Notes:

- (1) The consideration was paid in the form of Spring Achiever HK issuing a loan note in the amount of US\$1,275,041,290 in favour of Fornax.
- (2) The effective discount to the Offer Price is calculated with reference to the invested principal amount and accrued interest and takes into account subsequent transfers and buybacks following the original subscription. On the basis of the Offer Price of HK\$38.00 per Share, in accordance with Phase 3 of the Reorganisation, the Series A Conversion Shares and Series B-3 Conversion Shares held by Spring Achiever HK will be converted into 942,438,238 Shares (which will be 314,146,078 Shares after the Share Consolidation).

Transfer of Series A Conversion Shares from Future Financial Investment to PCGI Holdings

On 24 June 2025, Future Financial Investment agreed to undertake a transfer prior to Listing of 1,440,291 Series A Conversion Shares in our Company to PCGI Holdings for a consideration of US\$44,975,000 and to waive its entitlement to receive Shares in connection with a portion of its holding in Series A Conversion Shares, such portion being 1,440,291 Series A Conversion Shares (which will not be issued by the Company) upon completion of Phase 3 and the Global Offering (“**FFI 2025 Transaction**”). The consideration for the transfer was determined based on the cash equivalent (being the sum of the invested principal amount and accrued interest) of Future Financial Investment's entitlement to the number of Shares it would have received in exchange for the 1,440,291 Series A Conversion Shares under Phase 3 and the Global Offering.

There are regulatory restrictions in certain jurisdictions which the Group operates in, where any person who holds over 10% voting interests in a regulated insurer will need to be approved by the relevant regulatory authorities. The FFI 2025 Transaction was carried out to ensure that such regulatory requirements would not be triggered.

Future Financial Investment will hold 80,089,944 Shares (converted from 12,495,288 Series A Conversion Shares and after the Share Consolidation) immediately after completion of Phase 3 and the Global Offering. Accordingly, HOPU will hold an aggregate of

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approximately 9.99% interests in our Company through (i) Future Financial Investment as to approximately 6.30% interests and (ii) Fornax as to approximately 3.69% interests, immediately after completion of Phase 3 and the Global Offering.

The total number of Shares held by PCGI Holdings after completion of Phase 3 and the Global Offering will comprise (i) 243,408,317 Shares; (ii) 146,438,465 Shares (converted from 19,969,221 Series A Conversion Shares and after the Share Consolidation); and (iii) 26,785,121 Shares (converted from 5,691,030 Series B-2 Conversion Shares and after the Share Consolidation). Please see the sections headed “*Substantial Shareholders*” and “*Relationship with the Controlling Shareholders*” of this prospectus.

Subscription of Series B-2 CPS and Series B Warrants of FL and FGL by PCGI, Swiss Re Investments and RRJ

On 8 March 2019, subscription agreements were entered into among FL and FGL, and, inter alia, each of PCGI, our Company, Swiss Re Investments and Eastwood Asset Holding (which is controlled by RRJ), respectively, pursuant to which each of PCGI, Swiss Re Investments and Eastwood Asset Holding was allotted and issued series B-2 convertible preference shares (“**Series B-2 CPS**”) in FL with a par value of US\$0.01 each and each of our Company, Swiss Re Investments and Eastwood Asset Holding was allotted and issued Series B-2 CPS in FGL with a par value of US\$0.01 each (each such investment by PCGI/our Company, Swiss Re Investments and Eastwood Asset Holding shall be referred to as the “**PCG First Pre-IPO Investment**”, “**Swiss Re First Pre-IPO Investment**” and “**RRJ Second Pre-IPO Investment**”, respectively).

In connection with the issue of Series B-2 CPS in FL and FGL, each of PCGI, our Company, Swiss Re Investments and Eastwood Asset Holding also subscribed for warrants to subscribe for fully paid common shares (“**Series B Warrants**”) in FL and FGL which are exercisable for one common share in FL and FGL, respectively, per Series B Warrant. Each Series B Warrant has an exercise price to be determined by FL and FGL upon exercise of any such warrants, provided that the exercise price of each corresponding Series B Warrant in FL and FGL shall add up to an aggregate of US\$316.30. As at the Latest Practicable Date, all of the Series B Warrants have lapsed and are no longer capable of being exercised.

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The table below sets out the principal terms of the PCG First Pre-IPO Investment, the Swiss Re First Pre-IPO Investment and the RRJ Second Pre-IPO Investment:

Name of our Pre-IPO Investor	PCGI/our Company	Swiss Re Investments	Eastwood Asset Holding
Date of investment	8 March 2019	8 March 2019	8 March 2019
Number of Series B-2 CPS subscribed at the time of subscription	(i) FL: 189,701 Series B-2 CPS in FL	(i) FL: 63,234 Series B-2 CPS in FL ⁽¹⁾	(i) FL: 189,701 Series B-2 CPS in FL ⁽²⁾
	(ii) FGL: 189,701 Series B-2 CPS in FGL	(ii) FGL: 63,234 Series B-2 CPS in FGL ⁽¹⁾	(ii) FGL: 189,701 Series B-2 CPS in FGL ⁽²⁾
Number of Series B-2 CPS held immediately prior to Phase 2	(i) FL: 189,701 Series B-2 CPS in FL	(i) FL: 63,234 Series B-2 CPS in FL ⁽¹⁾	(i) FL: 189,701 Series B-2 CPS in FL ⁽²⁾
	(ii) FGL: 189,701 Series B-2 CPS in FGL	(ii) FGL: 63,234 Series B-2 CPS in FGL ⁽¹⁾	(ii) FGL: 189,701 Series B-2 CPS in FGL ⁽²⁾
Number of Series B-2 Conversion Shares held upon completion of Phase 2 ⁽³⁾	Not applicable ⁽⁴⁾	1,897,020 Series B-2 Conversion Shares	5,691,030 Series B-2 Conversion Shares
Number of Series B Warrants subscribed	(i) FL: 47,425 Series B Warrants in FL	(i) FL: 15,809 Series B Warrants in FL	(i) FL: 47,425 Series B Warrants in FL
	(ii) FGL: 47,425 Series B Warrants in FGL	(ii) FGL: 15,809 Series B Warrants in FGL	(ii) FGL: 47,425 Series B Warrants in FGL
Number of Series B-2 Conversion Shares held immediately prior to Phase 3 and the Global Offering	Not applicable ⁽⁴⁾	1,897,020 Series B-2 Conversion Shares	Nil ⁽⁵⁾
Number of Shares held after completion of Phase 3 and the Global Offering	Not applicable ⁽⁴⁾	8,928,373 ⁽⁶⁾	Nil ⁽⁵⁾

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Cost paid per Series B-2 CPS and Series B Warrants at the time of the subscription	(i) FL: US\$0.01 per Series B-2 CPS in FL (ii) FGL: US\$316.29 per Series B-2 CPS in FGL No additional consideration was paid for the Series B Warrants subscribed.	(i) FL: US\$0.01 per Series B-2 CPS in FL (ii) FGL: US\$316.29 per Series B-2 CPS in FGL No additional consideration was paid for the Series B Warrants subscribed.	(i) FL: US\$0.01 per Series B-2 CPS in FL (ii) FGL: US\$316.29 per Series B-2 CPS in FGL No additional consideration was paid for the Series B Warrants subscribed.
Total consideration for Series B-2 CPS subscribed and Series B Warrants at the time of the subscription	(i) FL: US\$1,897.01 in respect of Series B-2 CPS in FL (ii) FGL: US\$60,000,000 in respect of Series B-2 CPS in FGL No additional consideration was paid for the Series B Warrants subscribed.	(i) FL: US\$632.34 in respect of Series B-2 CPS in FL (ii) FGL: US\$20,000,000 in respect of Series B-2 CPS in FGL No additional consideration was paid for the Series B Warrants subscribed.	(i) FL: US\$1,897.01 in respect of Series B-2 CPS in FL (ii) FGL: US\$60,000,000 in respect of Series B-2 CPS in FGL No additional consideration was paid for the Series B Warrants subscribed.
Effective discount to the Offer Price⁽⁷⁾	Not applicable ⁽⁴⁾	54%	Not applicable ⁽⁵⁾
Basis of determination of the consideration of Series B-2 CPS	The subscription consideration for each of the PCG First Pre-IPO Investment, Swiss Re First Pre-IPO Investment and RRJ Second Pre-IPO Investment was determined based on arm's length negotiations between the parties with reference to the agreed valuation of FL and FGL (as the case may be) at the time of investment, taking into account the timing of the investment and the then status of the businesses carried out by FL and FGL.		
Date on which the investment was fully settled	The Series B-2 CPS were fully settled on 13 March 2019, and all Series B Warrants were subscribed on the same day.		
Conversion in Phase 3 of the Reorganisation	Pursuant to the Implementation Agreement, such Series B-2 Conversion Shares would be converted into our Shares to be issued to the relevant Pre-IPO Investor conditional on, and upon, Listing. Each of such Series B-2 Conversion Shares will be converted to such number of Shares in our Company taking into account, among others, (a) the sum of the invested principal amount and accrued interest from 13 March 2019 at the coupon of approximately 13.1% per annum up to the date of the Listing and (b) the Offer Price.		

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Notes:

- (1) On 18 December 2020, Swiss Re Investments undertook a transfer of 63,234 Series B-2 CPS in each of FL and FGL to Swiss Re PICA. As such, Swiss Re Investments ceased to hold any Series B-2 CPS, and Swiss Re PICA became the registered owner of the 63,234 Series B-2 CPS in each of FL and FGL thereafter.
- (2) On 16 June 2020, Eastwood Asset Holding undertook a transfer of 189,701 Series B-2 CPS in each of FL and FGL to Queensway Asset Holding (which is also controlled by RRJ). As such, Eastwood Asset Holding ceased to hold any Series B-2 CPS, and Queensway Asset Holding became the registered owner of the 189,701 Series B-2 CPS in each of FL and FGL thereafter.
- (3) Pursuant to the Implementation Agreement, Swiss Re and RRJ each acquired 30 Series B-2 Conversion Shares for each Series B-2 CPS issued by FL and FGL (considered on a stapled basis) it respectively held. For further details, please refer to section headed “*History, Reorganisation and Corporate Structure – Reorganisation – Phase 2: Equity restructuring of security interests in FL and FGL*”.
- (4) The number of Series B-2 Conversion Shares held after the completion of Phase 2 and the number of Shares held after completion of the Global Offering and effective discount to the Offer Price is not applicable with respect to Series B-2 CPS held by our Company as our holding of CPS in FL and FGL was not exchanged for Series B-2 Conversion Shares under Phase 2 of the Reorganisation.
- (5) On 7 March 2025, Queensway Asset Holding undertook a transfer of 5,691,030 Series B-2 Conversion Shares in our Company to PCGI Holdings pursuant to the RRJ Series B-2 Conversion Shares Transfer as defined in the section headed “– *Transfer of Series B-2 Conversion Shares from Queensway Asset Holding to PCGI Holdings*” below.
- (6) The total number of Shares held by Swiss Re PICA after completion of Phase 3 and the Global Offering will comprise (i) 3,987,240 Shares; (ii) 8,928,373 Shares (converted from 1,897,020 Series B-2 Conversion Shares and after the Share Consolidation); and (iii) 59,101,592 Shares (converted from 19,930,230 Series B-3 Conversion Shares and after the Share Consolidation).
- (7) The effective discount to the Offer Price is calculated on the basis of the Offer Price of HK\$38.00 per Share. In accordance with Phase 3 of the Reorganisation, the aforementioned Series B-2 Conversion Shares held by Swiss Re PICA and PCGI Holdings will be converted into 80,355,365 and 26,785,121 Shares, respectively (which will be 26,785,121 and 8,928,373 Shares after the Share Consolidation, respectively).

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Transfer of Series B-2 Conversion Shares from Queensway Asset Holding to PCGI Holdings

On 7 March 2025, Queensway Asset Holding undertook a transfer of 5,691,030 Series B-2 Conversion Shares in our Company to PCGI Holdings in consideration for US\$97,800,000 (the “**RRJ Series B-2 Conversion Shares Transfer**”).

The table below sets out the principal terms of the RRJ Series B-2 Conversion Shares Transfer:

Name of our Pre-IPO Investor	PCGI Holdings
Date of investment	7 March 2025
Number of shares transferred pursuant to the RRJ Series B-2 Conversion Shares Transfer	5,691,030 Series B-2 Conversion Shares
Total number of Shares held after completion of Phase 3 and the Global Offering⁽¹⁾	26,785,121
Total consideration for transfer	US\$97,800,000
Basis of determination of the consideration	The subscription consideration was determined based on arm's length negotiations between the parties with reference to the agreed valuation of our Company at the time of investment, taking into account the timing of the investment and the then status of the businesses carried out by our Company.
Effective discount to the Offer Price⁽²⁾	25%
Date on which the investment was fully settled	10 March 2025

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Conversion in Phase 3 of the Reorganisation

Pursuant to the Implementation Agreement, such Series B-2 Conversion Shares would be converted into our Shares to be issued to the relevant Pre-IPO Investor conditional on, and upon, Listing.

The Series B-2 Conversion Shares will be converted to such number of Shares in our Company taking into account, among others, (a) the sum of the invested principal amount and accrued interest from 13 March 2019 at the coupon of approximately 13.1% per annum up to the date of the Listing, (b) the Offer Price.

Notes:

- ⁽¹⁾ The total number of Shares held by PCGI Holdings after completion of Phase 3 and the Global Offering will comprise (i) 243,408,317 Shares; (ii) 146,438,465 Shares (converted from 19,969,221 Series A Conversion Shares and after the Share Consolidation); and (iii) 26,785,121 Shares (converted from 5,691,030 Series B-2 Conversion Shares and after the Share Consolidation).
- ⁽²⁾ The effective discount to the Offer Price is calculated with reference to the invested principal amount and accrued interest and takes into account subsequent transfer(s) following the original subscription. Based on the Offer Price of HK\$38.00 per Share, in accordance with Phase 3 of the Reorganisation, the Series B-2 Conversion Shares held by PCGI Holdings will be converted into 80,355,365 Shares (which will be 26,785,121 Shares after the Share Consolidation).

Subscription of Series B-3 CPS and Series B Warrants of FL and FGL by PCGI, Mr. Wong and Swiss Re Investments

On 23 October 2020, subscription agreements were entered into amongst FL and FGL, with each of PCGI, our Company, Mr. Wong and Swiss Re Investments, respectively, pursuant to which each of PCGI, Mr. Wong and Swiss Re Investments was allotted and issued series B-3 convertible preference shares (“**Series B-3 CPS**”) in FL with a par value of US\$0.01 each and each of our Company, Mr. Wong and Swiss Re Investments was allotted and issued Series B-3 CPS in FGL with a par value of US\$0.01 each (each such investment by PCGI/our Company, Mr. Wong and Swiss Re Investments shall be referred to as the “**PCG Second Pre-IPO Investment**”, “**Mr. Wong’s Pre-IPO Investment**” and “**Swiss Re Second Pre-IPO Investment**”, respectively).

In connection with the issue of Series B-3 CPS in FL and FGL, each of PCGI, our Company, Mr. Wong and Swiss Re Investments also subscribed for Series B Warrants in FL and FGL which are exercisable for one common share in FL and FGL, respectively, per Series B Warrant. Each Series B Warrant has an exercise price to be determined by FL and FGL upon exercise of any such warrants, provided that the exercise price of each corresponding Series B Warrant in FL and FGL shall add up to an aggregate of US\$316.30. As at the Latest Practicable Date, all of the Series B Warrants subscribed by PCGI, our Company, Mr. Wong or Swiss Re Investments have lapsed and are no longer capable of being exercised.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The table below sets out the principal terms of the PCG Second Pre-IPO Investment, Mr. Wong's Pre-IPO Investment and the Swiss Re Second Pre-IPO Investment:

Name of our Pre-IPO Investor	PCGI/our Company	Mr. Wong	Swiss Re Investments
Date of investment	23 October 2020	23 October 2020	23 October 2020
Number of Series B-3 CPS subscribed at the time of subscription	(i) FL: 4,774,750 Series B-3 CPS in FL (ii) FGL: 4,774,750 Series B-3 CPS in FGL	(i) FL: 6,323 Series B-3 CPS in FL (ii) FGL: 6,323 Series B-3 CPS in FGL	(i) FL: 664,341 Series B-3 CPS in FL ⁽¹⁾ (ii) FGL: 664,341 Series B-3 CPS in FGL ⁽¹⁾
Number of Series B-3 CPS held immediately prior to Phase 2	(i) FL: 1,481,514 Series B-3 CPS in FL ⁽²⁾ (ii) FGL: 1,481,514 Series B-3 CPS in FGL ⁽²⁾	(i) FL: 6,323 Series B-3 CPS in FL (ii) FGL: 6,323 Series B-3 CPS in FGL	(i) FL: 664,341 Series B-3 CPS in FL ⁽¹⁾ (ii) FGL: 664,341 Series B-3 CPS in FGL ⁽¹⁾
Number of Series B-3 Conversion Shares held upon completion of Phase 2 ⁽³⁾	Not applicable ⁽⁴⁾	189,690 Series B-3 Conversion Shares	19,930,230 Series B-3 Conversion Shares
Number of Series B Warrants subscribed	(i) FL: 1,193,687 Series B Warrants in FL (ii) FGL: 1,193,687 Series B Warrants in FGL	(i) FL: 1,581 Series B Warrants in FL (ii) FGL: 1,581 Series B Warrants in FGL	(i) FL: 166,085 Series B Warrants in FL (ii) FGL: 166,085 Series B Warrants in FGL
Number of Shares held after completion of Phase 3 and the Global Offering	Not applicable ⁽⁴⁾	558,957	59,101,592 ⁽⁵⁾
Cost paid per Series B-3 CPS and Series B Warrants at the time of the subscription	(i) FL: US\$258.98 per Series B-3 CPS in FL (ii) FGL: US\$57.32 per Series B-3 CPS in FGL	(i) FL: US\$316.30 per Series B-3 CPS in FL (ii) FGL: US\$0.01 per Series B-3 CPS in FGL	(i) FL: US\$243.55 per Series B-3 CPS in FL (ii) FGL: US\$72.75 per Series B-3 CPS in FGL

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Total consideration for Series B-3 CPS and Series B Warrants subscribed at the time of the subscription	(i) FL: US\$1,236,571,439.65 in aggregate principal amount of zero coupon subordinated perpetual capital securities of FL.	(i) FL: US\$1,999,948.46 in aggregate principal amount of zero coupon subordinated perpetual capital securities of FL.	(i) FL: US\$161,799,652.64 in aggregate principal amount of zero coupon subordinated perpetual capital securities of FL.
	(ii) FGL: payment of US\$273,670,525.95 in aggregate principal amount of zero coupon subordinated perpetual capital securities of FGL.	(ii) FGL: payment of US\$63.23 in aggregate principal amount of zero coupon subordinated perpetual capital securities of FGL.	(ii) FGL: payment of US\$48,329,811.24 in aggregate principal amount of zero coupon subordinated perpetual capital securities of FGL.
	No additional consideration was paid for the Series B Warrants subscribed.	No additional consideration was paid for the Series B Warrants subscribed.	No additional consideration was paid for the Series B Warrants subscribed.
Effective discount to the Offer Price⁽⁶⁾	Not applicable ⁽⁴⁾	27%	27%
Basis of determination of the consideration of Series B-3 CPS	The subscription consideration for each of the PCG Second Pre-IPO Investment, Mr. Wong Pre-IPO Investment and Swiss Re Second Pre-IPO Investment was determined based on arm's length negotiations between the parties with reference to the agreed valuation of FL and FGL (as the case may be) at the time of investment, taking into account the timing of the investment and the then status of the businesses carried out by FL and FGL.		
Date on which the investment was fully settled	23 October 2020	23 October 2020	23 October 2020
Conversion in Phase 3 of the Reorganisation	Pursuant to the Implementation Agreement, such Series B-3 Conversion Shares (other than those held by our Company) would be converted into Shares to be issued to the relevant Pre-IPO Investor conditional on, and upon, Listing. Each of such Series B-3 Conversion Shares held by Mr. Wong, Swiss Re PICA and Fornax (see Note (1)) will be converted to such number of Shares in our Company taking into account, among others, (a) the sum of the invested principal amount and accrued interest at the coupon of approximately 6.4% per annum from 23 October 2020 up to the date of the Listing and (b) the Offer Price.		

Notes:

- ⁽¹⁾ On 18 December 2020, Swiss Re Investments undertook a transfer of 664,341 Series B-3 CPS in each of FL and FGL to Swiss Re PICA. As such, Swiss Re Investments ceased to hold any Series B-3 CPS and Swiss Re PICA became the registered owner of the 664,341 Series B-3 CPS in each of FL and FGL thereafter.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (2) On 27 October 2020 and 20 April 2021, our Company (which has been merged with PCGI) undertook a transfer of 2,073,269 (“**Fornax First Transfer**”) and 1,219,967 (“**Fornax Second Transfer**”) Series B-3 CPS in each of FL and FGL respectively to Fornax. As such, our Company became the registered owner of the 1,481,514 Series B-3 CPS in each of FL and FGL and Fornax became the registered owner of a total of 3,293,236 Series B-3 CPS in each of FL and FGL. Subsequently, Fornax transferred 359,894 Series B-3 CPS in FL and FGL pursuant to the Spring Achiever Buyback as detailed in the section headed “– *Buyback of Series B-3 CPS of FL and FGL by Spring Achiever Limited*”, resulting in a holding of 2,933,342 Series B-3 CPS prior to Phase 2. Upon completion of Phase 2, Fornax held 88,000,260 Series B-3 Conversion Shares, such number of which were transferred to Spring Achiever HK pursuant to the Spring Achiever HK Transfer as detailed in the section headed “– *Transfer of Series A Conversion Shares and Series B-3 Conversion Shares from Fornax to Spring Achiever HK*”. As such, Fornax ceased thereafter to hold any Series B-3 Conversion Shares in our Company.
- (3) Pursuant to the Implementation Agreement, Mr. Wong, Swiss Re PICA and Fornax (see Note (1)) each acquired 30 Series B-3 Conversion Shares for each Series B-3 CPS issued by FL and FGL (considered on a stapled basis) they respectively held. For further details, please refer to section headed “*History, Reorganisation and Corporate Structure – Reorganisation – Phase 2: Equity restructuring of security interests in FL and FGL*”.
- (4) The number of Series B-3 Conversion Shares held after the completion of Phase 2 and the number of Shares held after completion of the Global Offering and effective discount to the Offer Price is not applicable with respect to Series B-3 CPS held by our Company as our holding of CPS in FL and FGL was not exchanged for Series B-2 Conversion Shares under Phase 2 of the Reorganisation.
- (5) The total number of Shares held by Swiss Re PICA after completion of Phase 3 and the Global Offering will comprise (i) 3,987,240 Shares; (ii) 8,928,373 Shares (converted from 1,897,020 Series B-2 Conversion Shares and after the Share Consolidation); and (iii) 59,101,592 Shares (converted from 19,930,230 Series B-3 Conversion Shares and after the Share Consolidation).
- (6) The effective discount to the Offer Price is calculated with reference to the invested principal amount and accrued interest and takes into account subsequent transfers and buybacks following the original subscription. On the basis of the Offer Price of HK\$38.00 per Share, in accordance with Phase 3 of the Reorganisation, the aforementioned Series B-3 Conversion Shares held by Mr. Wong and Swiss Re PICA will be converted into 1,676,872 and 177,304,776 Shares, respectively (which will be 558,957 Shares and 59,101,592 Shares after the Share Consolidation, respectively).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Buyback of Series B-3 CPS of FL and FGL by Spring Achiever Limited

On 5 July 2023, our Company issued buyback notices to Fornax pursuant to which PCGI and our Company exercised its buyback right to require Fornax to transfer to Spring Achiever Limited (i) 359,894 Series B-3 CPS in FL for a total consideration of US\$107,465,594.01, and (ii) 359,894 Series B-3 CPS in FGL for a total consideration of US\$23,783,629.20 (the “**Spring Achiever Series B Buyback**”). The Spring Achiever Series B Buyback, together with the Spring Achiever Series A Buyback (see “– *Buyback of Series A CPS of FL and FGL by Spring Achiever Limited*”), were part of a restructuring of Falcon 2019 Co-Invest A, L.P., of which Fornax is an indirect wholly owned subsidiary.

The table below sets out the principal terms of the Spring Achiever Series B Buyback:

Name of our Pre-IPO Investor	Spring Achiever Limited
Date of investment	6 July 2023
Number of Series B-3 CPS acquired at the time of the Spring Achiever Series B Buyback	(i) FL: 359,894 Series B-3 CPS in FL (ii) FGL: 359,894 Series B-3 CPS in FGL
Number of Series B-3 CPS held immediately prior to Phase 2:	(i) FL: 359,894 Series B-3 CPS in FL (ii) FGL: 359,894 Series B-3 CPS in FGL
Number of Series B-3 Conversion Shares held upon completion of Phase 2⁽¹⁾	10,796,820 Series B-3 Conversion Shares
Number of Shares held after completion of Phase 3 and the Global Offering	31,648,645
Cost paid per Series B-3 CPS at the time of the Spring Achiever Series B Buyback	(i) FL: US\$298.60 per Series B-3 CPS in FL (ii) FGL: US\$66.09 per Series B-3 CPS in FGL
Total consideration at the time of the Spring Achiever Series B Buyback	(i) FL: US\$107,465,594.01 in respect of the Series B-3 CPS in FL (ii) FGL: US\$23,783,629.20 in respect of the Series B-3 CPS in FGL

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Basis of determination of the consideration	The consideration was determined based on arm's length negotiations between the parties with reference to the agreed valuation of FL and FGL (as the case may be) at the time of the purchase, taking into account the timing of the purchase and the then status of the businesses carried on by FL/FGL.
Effective discount to the Offer Price⁽²⁾	27%
Date of which the investment was fully settled	6 July 2023
Conversion in Phase 3 of the Reorganisation	<p>Pursuant to the Implementation Agreement, such Series B-3 Conversion Shares held by Spring Achiever Limited would be converted into Shares to be issued to the relevant Pre-IPO Investor conditional on, and upon, Listing.</p> <p>Each of such Series B-3 Conversion Shares will be converted to such number of Shares in our Company taking into account, among others, (a) the sum of the invested principal amount and accrued interest from 23 October 2020 at the coupon of approximately 6.4% per annum up to the date of the Listing; and (b) the Offer Price.</p>

Notes:

- ⁽¹⁾ Pursuant to the Implementation Agreement, Spring Achiever Limited acquired 30 Series B-3 Conversion Shares for each CPS issued by FL and FGL (considered on a stapled basis) it held. For further details, please refer to section headed "*History, Reorganisation and Corporate Structure – Reorganisation – Phase 2: Equity restructuring of security interests in FL and FGL*".
- ⁽²⁾ The effective discount to the Offer Price is calculated with reference to the invested principal amount and accrued interest and takes into account subsequent transfers and buybacks following the original subscription. On the basis of the Offer Price of HK\$38.00 per Share, in accordance with Phase 3 of the Reorganisation, the aforementioned Series B-3 Conversion Shares held by Spring Achiever Limited will be converted into a total of 94,945,936 Shares (which will be 31,648,645 Shares after the Share Consolidation).

Transfer of Series B-3 Conversion Shares and Series A Conversion Shares from Fornax to Spring Achiever HK

Please refer to section headed "*– Transfer of Series A Conversion Shares and Series B-3 Conversion Shares from Fornax to Spring Achiever HK*" for further details of the Spring Achiever HK Transfer.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Subscription of Series B-4 CPS and Series B Warrants of FL and FGL by our Company

On 29 December 2020, a subscription agreement was entered into among FL, FGL and our Company, pursuant to which our Company was allotted and issued in each of FL and FGL 1,169,784 series B-4 convertible preference shares (“**Series B-4 CPS**”) with a par value of US\$0.01 each (the “**PCG Third Pre-IPO Investment**”).

In connection with the issue of Series B-4 CPS in FL and FGL, our Company also subscribed for Series B Warrants in FL and FGL which are exercisable for one common share in FL and FGL, respectively, per Series B Warrant. Each Series B Warrant has an exercise price to be determined by FL and FGL upon exercise of any such warrants, provided that the exercise price of each corresponding Series B Warrant in FL and FGL shall add up to an aggregate of US\$316.30. As at the Latest Practicable Date, all of the Series B Warrants subscribed by our Company have lapsed and are no longer capable of being exercised.

The table below sets out the principal terms of the PCG Third Pre-IPO Investment.

Name of our Pre-IPO Investor	Our Company
Date of investment	29 December 2020
Number of Series B-4 CPS subscribed at the time of subscription	(i) FL: 1,169,784 Series B-4 CPS in FL (ii) FGL: 1,169,784 Series B-4 CPS in FGL
Number of Series B-4 CPS held immediately prior to Phase 2	(i) FL: 1,169,784 Series B-4 CPS in FL (ii) FGL: 1,169,784 Series B-4 CPS in FGL
Number of Shares held after completion of Phase 3 and the Global Offering	Not applicable ⁽¹⁾
Cost paid per Series B-4 CPS at the time of the subscription	(i) FL: US\$188.07 per Series B-4 CPS in FL (ii) FGL: US\$128.23 per Series B-4 CPS in FGL
Total consideration at the time of the subscription	(i) FL: US\$220,000,000 (ii) FGL: US\$149,999,810.22
Effective discount to the Offer Price	Not applicable ⁽¹⁾

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Basis of determination of the consideration	The subscription consideration for the PCG Third Pre-IPO Investment was determined based on arm's length negotiations between the parties with reference to the agreed valuation of FL and FGL (as the case may be) at the time of investment, taking into account the timing of the investment and the then status of the businesses carried out by FL and FGL.
Date on which the investment was fully settled	29 December 2020

Note:

- ⁽¹⁾ The number of Shares held after completion of Phase 3 and the Global Offering and effective discount to the Offer Price is not applicable with respect to Series B-4 CPS held by our Company as our holding of CPS in FL and FGL was not exchanged for shares in our Company under Phase 2 of the Reorganisation.

No special rights granted to our Pre-IPO Investors of the Previous Rounds Pre-IPO Investments

Pursuant to the relevant agreements with the Pre-IPO Investors of the Previous Rounds Pre-IPO Investments and as part of Phase 3 of the Reorganisation, all existing Series A/B-2/B-3 Conversion Shares held by our Pre-IPO Investors of the Previous Rounds Pre-IPO Investments will be converted into our Shares. In addition, all of our Pre-IPO Investors of the Previous Rounds Pre-IPO Investments will not be entitled to any special rights upon completion of the Global Offering.

Subscription of Shares of our Company by Athene, SCB, CPP Investments, MPIC, Swiss Re PICA, DGA Capital (Master) Fund, PCGI Holdings, ORIX Asia Capital and Huatai Growth Focus Limited

On 13 December 2021, subscription agreements were entered into between our Company and each of Athene, SCB, CPP Investments, MPIC, Swiss Re PICA, DGA Capital (Master) Fund and PCGI Holdings, pursuant to which each of Athene, SCB, CPP Investments, MPIC, Swiss Re PICA, DGA Capital (Master) Fund and PCGI Holdings was allotted and issued 63,795,853 Shares, 28,708,133 Shares, 23,923,444 Shares, 1,594,896 Shares, 11,961,722 Shares, 47,846,889 Shares and 49,441,786 Shares respectively; on 11 January 2022, a subscription agreement was entered into between our Company and ORIX Asia Capital, pursuant to which ORIX Asia Capital was allotted and issued 15,948,963 Shares; and on 12 January 2022, a subscription agreement was entered into between our Company and Huatai Growth Focus Limited, pursuant to which Huatai Growth Focus Limited was allotted and issued 15,948,963 Shares. On 19 December 2022, a subscription agreement was entered into between our Company and PCGI Holdings, pursuant to which PCGI Holdings was allotted and issued 31,897,926 Shares (together, the “**Pre-IPO Investments 2021/2022**”).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The table below sets out the principal terms of the Pre-IPO Investments 2021/2022.

Name of our Pre-IPO Investor	Athene	SCB	CPP Investments	MPIC	Swiss Re PICA	DGA Capital (Master) Fund	PCGI Holdings
Date of investment	13 December 2021	13 December 2021	13 December 2021	13 December 2021	13 December 2021	13 December 2021	(1) 13 December 2021 (2) 19 December 2022
Number of Shares subscribed	63,795,853 Shares, comprised of 55,821,371 Shares (the "Tranche A Purchased Shares") and 7,974,482 Shares (the "Tranche B Purchased Shares")	28,708,133 Shares	23,923,444 Shares	1,594,896 Shares	11,961,722 Shares	47,846,889 Shares	(1) 49,441,786 Shares (2) 31,897,926 Shares
Number of Shares held after completion of the Global Offering	21,265,284 Shares	9,569,377 Shares	7,974,481 Shares	531,632 Shares	3,987,240 Shares ⁽¹⁾	15,948,963 Shares	27,113,237 Shares ⁽²⁾
Cost paid per Share at the time of the subscription	US\$6.27 per Share	US\$6.27 per Share	US\$6.27 per Share	US\$6.27 per Share	US\$6.27 per Share	US\$6.27 per Share	US\$6.27 per Share
Total consideration for Shares subscribed at the time of the subscription	US\$399,999,998.31	US\$179,999,994	US\$150,000,000	US\$10,000,000	US\$75,000,000	US\$300,000,000	(1) US\$310,000,000 (2) US\$200,000,000
Premium to the Offer Price	286%	286%	286%	286%	286%	286%	286%
Basis of determination of the consideration	The subscription consideration for the Pre-IPO Investments 2021/2022 was determined based on arm's length negotiations between the parties with reference to the agreed valuation of our Company at the time of investment, taking into account the timing of the investment and the then status of the businesses carried out by the Group.						
Date on which the investment was fully settled	14 December 2021	15 December 2021	20 December 2021	14 December 2021	15 December 2021	15 December 2021	(1) 14 December 2021 (2) 19 December 2022

Name of our Pre-IPO Investor	ORIX Asia Capital	Huatai Growth Focus Limited
Date of investment	11 January 2022	12 January 2022
Number of Shares subscribed	15,948,963 Shares	15,948,963 Shares
Number of Shares held after completion of the Global Offering	5,316,321 Shares	5,316,321 Shares
Cost paid per Share at the time of the subscription	US\$6.27 per Share	US\$6.27 per Share
Total consideration for Shares subscribed at the time of the subscription	US\$100,000,000	US\$100,000,000
Premium to the Offer Price	286%	286%

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Basis of determination of the consideration	The subscription consideration for such Pre-IPO Investment was determined based on arm's length negotiations between the parties with reference to the agreed valuation of our Company at the time of investment, taking into account the timing of the investment and the then status of the businesses carried out by the Group.	
Date on which the investment was fully settled	14 January 2022	27 January 2022

Notes:

- ⁽¹⁾ The total number of Shares held by Swiss Re PICA after completion of Phase 3 and the Global Offering will comprise (i) 3,987,240 Shares; (ii) 8,928,373 Shares (converted from 1,897,020 Series B-2 Conversion Shares and after the Share Consolidation); and (iii) 59,101,592 Shares (converted from 19,930,230 Series B-3 Conversion Shares and after the Share Consolidation).
- ⁽²⁾ The total number of Shares held by PCGI Holdings after completion of Phase 3 and the Global Offering will comprise (i) 243,408,317 Shares; (ii) 146,438,465 Shares (converted from 19,969,221 Series A Conversion Shares and after the Share Consolidation); and (iii) 26,785,121 Shares (converted from 5,691,030 Series B-2 Conversion Shares and after the Share Consolidation). Please see the sections headed "*Substantial Shareholders*" and "*Relationship with the Controlling Shareholders*" of this prospectus.

Lock-up Undertakings

Each of the Lock-up Investors has agreed to be subject to a lock-up period of six months from the Listing Date in respect of our Shares held by it, subject to the terms of their respective lock-up undertakings. The Shares held by our Controlling Shareholders will be subject to lock-up requirements pursuant to the Listing Rules. For further details about our Controlling Shareholders, please refer to the section headed "*Relationship with the Controlling Shareholders*".

No special rights granted to our Pre-IPO Investors of the Pre-IPO Investments 2021/2022

All of our Pre-IPO Investors of the Pre-IPO Investments 2021/2022 will not be entitled to any special rights upon completion of the Global Offering.

Use of Proceeds and Strategic Benefits from Pre-IPO Investments

The proceeds raised from the Pre-IPO Investments were paid to our Company for strengthening our capital, building a capital buffer to fund further growth and reducing our debt. As at the Latest Practicable Date, the proceeds received by our Company from the Pre-IPO Investments have been fully utilised. Our Directors believe that our Company has benefitted and will continue to benefit from the capital raised through the Pre-IPO Investments, the knowledge, skills and experience of the Pre-IPO Investors, and the endorsement of our Company's performance, strength and prospects as reflected by the Pre-IPO Investments.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Public Float

Immediately following the completion of the Global Offering, PCGI Holdings will hold 32.8% of our issued Shares, Spring Achiever Limited will hold 9.0% of our issued Shares and Spring Achiever HK will hold 24.7% of our issued Shares. As each of PCGI Holdings, Spring Achiever Limited and Spring Achiever HK is a substantial shareholder and a core connected person (as defined under the Listing Rules) of our Company, the Shares held by PCGI Holdings, Spring Achiever Limited and Spring Achiever HK will not be counted towards the public float of our Company according to Rule 8.08 of the Listing Rules.

Our Pre-IPO Investors (other than PCGI Holdings, Spring Achiever Limited and Spring Achiever HK) are not core connected persons of our Company, and the Shares held by them will be counted towards the public float of our Company according to Rule 8.08 of the Listing Rules.

Shareholding structure immediately following the Pre-IPO Investments

Please refer to the paragraph headed “*Corporate Structure*” in this section for the structure of our Group immediately following the completion of the Pre-IPO Investments and prior to the Global Offering.

Joint Sponsors’ Confirmation

On the basis that (i) the consideration for each of the Pre-IPO Investments was settled at least 28 clear days prior to the date of the first submission of the listing application form to the Stock Exchange or at least 120 clear days prior to the first day of trading of our Company’s securities on the Stock Exchange (as the case may be), and (ii) all special rights granted to any Pre-IPO Investor pursuant to the terms of the Pre-IPO Investments will be terminated upon the Listing, the Joint Sponsors are of the view that the Pre-IPO Investments are in compliance with chapter 4.2 of the Guide for New Listing Applicants.

Previous contemplation for possible listing on the New York Stock Exchange

We filed a registration statement on F-1 with the U.S. Securities and Exchange Commission on 24 September 2021 relating to a proposed initial public offering of American depositary shares representing certain Shares of our Company (the “**US Listing Plan**”). Subsequently, we considered other alternatives to the US Listing Plan and on 20 December 2021, we determined not to proceed with the offering and sale of the securities pursuant to the US Listing Plan.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Background Information about our Pre-IPO Investors

Where Pre-IPO Investments were made by PCGI or our Company in FL and FGL, such Pre-IPO Investments were effectively made by and on behalf of Mr. Li, one of our Controlling Shareholders, as Mr. Li owned 100% of the issued share capital of PCGI and our Company at the time such Pre-IPO Investments were made.

Other than their shareholding interest in our Company or FL and/or FGL (as applicable) and as otherwise disclosed in this section and the section headed “*Relationship with the Controlling Shareholders*”, our Pre-IPO Investors and their respective ultimate beneficial owners are independent from our Group and the connected persons of our Company.

Queensway Asset Holding and RRJ

Queensway Asset Holding is an investment holding company incorporated in the Cayman Islands on 15 March 2018 and is wholly-owned by RRJ. RRJ is an Asia-based investment fund acting through its general partner, RRJ Capital III Ltd, which is wholly-owned by an independent third party of our Company. FWD Life (Bermuda) is one of the limited partners of RRJ, holding less than 2% of the interests of RRJ.

Crimson White Investment and GIC Blue

Crimson White Investment is wholly-owned by GIC Blue. Both Crimson White Investment and GIC Blue are ultimately owned by the Minister for Finance of the Government of Singapore. The Minister for Finance is the body corporate constituted under section 2(1) of the Minister for Finance (Incorporation) Act 1959 and is a statutory corporation set up by the Government of Singapore to own and administer government assets.

Future Financial Investment and HOPU

Future Financial Investment is an investment holding company incorporated in the British Virgin Islands on 28 November 2017 which is controlled by HOPU through Future Financial International Company Ltd and Future Financial Global Holding Ltd. HOPU is a Cayman Islands limited partnership registered on 25 August 2017 acting through its general partner, HOPU Investments Co. III Ltd., which is part of and managed by HOPU Investments (an independent third party), an Asian alternative asset manager.

PCGI Holdings and PCG

PCGI Holdings is an investment holding company incorporated in the Cayman Islands. PCGI Holdings is wholly-owned by Mr. Li, a director of our Company. Mr. Li is also the founder, chairman and chief executive of PCG. For details of Mr. Li, PCGI Holdings and the relationship between Mr. Li, our Company and our directors and senior management, please refer to the sections headed “*Relationship with the Controlling Shareholders*”, “*Connected Transactions*”, “*Directors and Senior Management*” and “*Substantial Shareholders*”.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Spring Achiever Limited and Spring Achiever HK

Spring Achiever HK is an investment holding company incorporated in Hong Kong. Spring Achiever HK is directly wholly-owned by Spring Achiever Limited, an investment holding company incorporated in the Cayman Islands, which in turn is directly wholly-owned by Creative Knight Limited. Creative Knight Limited is directly wholly-owned by Mr. Li. For details of Mr. Li, Spring Achiever Limited and Spring Achiever HK, please refer to the sections headed “*Relationship with the Controlling Shareholders*” and “*Substantial Shareholders*”.

Swiss Re PICA, Swiss Re Investments and Swiss Re

Each of Swiss Re PICA (a company incorporated in Singapore) and Swiss Re Investments (a company incorporated in Switzerland) is an indirect wholly-owned subsidiary of Swiss Re which in turn is a wholly-owned subsidiary of Swiss Re Ltd. The Swiss Re Group is one of the world’s leading providers of reinsurance, insurance and other forms of insurance-based risk transfer, working to make the world more resilient. It anticipates and manages risk – from natural catastrophes to climate change, from ageing populations to cyber crime. Headquartered in Zurich, Switzerland, where it was founded in 1863, the Swiss Re Group operates through a network of around 70 offices globally. Swiss Re Ltd is listed on the SIX Swiss Exchange (stock code: SREN) and its shares are widely held with no single substantial shareholder. BlackRock, Inc. and UBS Fund Management (Switzerland) AG are the only shareholders holding more than 3% of the voting rights of Swiss Re Ltd’s share capital as of the Latest Practicable Date.

A number of our subsidiaries have entered into reinsurance arrangements in relation to our products with the Swiss Re Group. For further details, please refer to the section headed “*Business – Reinsurance*”.

In addition to being a Pre-IPO Investor of the Pre-IPO Investments 2021/2022, Swiss Re PICA holds Series P Conversion Shares, Series B-2 Conversion Shares and Series B-3 Conversion Shares, which shall be converted into Shares to be issued in accordance with the Implementation Agreement in Phase 3 of the Reorganisation. For further details, please refer to the sections “– *Reorganisation – Phase 3: Conversion of Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares into Shares*” and “*Appendix V – Statutory and General Information*”.

Swiss Re PICA has exercised rights to appoint one director (Mr. John Dacey) to our board. For further details of the relationship between the Swiss Re Group and our directors and senior management, please refer to the section headed “*Directors and Senior Management*”.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Fornax and HOPU

Fornax is an investment holding company incorporated in the British Virgin Islands on 4 January 2019 which is controlled by the Falcon 2019 Co-Invest A, L.P., which is a Cayman Islands limited partnership registered on 26 February 2019 acting through its general partner, Falcon 2019 Co-invest GP, which is in turn controlled by HOPU Investments Co. III Ltd., which is part of and managed by HOPU Investments (an independent third party), an Asian alternative asset manager.

Mr. Wong

Mr. Wong is a private investor and former employee of PCG. Mr. Wong is an independent third party of our Company.

Athene and Apollo Principal Holdings

Athene is a Bermuda-based reinsurance company and a subsidiary of AHL, a leading financial services company specialising in retirement services. AHL is wholly owned by Apollo, which is Athene's ultimate beneficial owner (an independent third party) and is a leading global investment manager. The net invested assets of AHL and its subsidiaries are substantially managed by affiliates of Apollo.

On 26 August 2024, to align with the Apollo group's internal restructuring needs, Athene transferred, contributed and assigned all its rights, title and interest in the Shares it held in our Company, through a series of internal transfers, to Apollo Principal Holdings. Apollo Principal Holdings is a Cayman Islands exempted limited partnership. It is an affiliate of Athene, and Apollo (an independent third party) is its ultimate beneficial owner.

We have entered into an arms-length arrangement with Athene Annuity Re, a subsidiary of AHL, under which Athene Annuity Re reinsures an in-force block of whole life insurance policies of FWD Japan.

Our Company has entered into certain investment management agreements with one or more affiliates of Apollo to manage part of our company's investment portfolio. For details, please refer to "*Business – Investments and Asset Management – Outsourced Investment Managers*".

SCB and SCBX

SCB is the first Thai bank and a leader in providing financial services in Thailand with more than 110 years in business. SCB is a leading universal bank, offering deposits and lending and a wide range of other products and services to meet the needs of all customers. SCB's services are backed by its extensive banking network and continuous pursuit of technological innovation. SCBX, a SET listed holding company, is the largest shareholder of SCB, owning 99.56% of SCB shares as at the Latest Practicable Date. In September 2019,

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

FWD acquired an equity interest of 99.2% in SCB Life, which amalgamated with FWD Thailand in October 2020. In connection with this acquisition, FWD Thailand entered into a 15-year exclusive bancassurance partnership with SCB which, in 2023, was subsequently extended by mutual agreement for a further two years. On 28 September 2023, SCB assigned their rights and obligations under the subscription agreement entered into on 13 December 2021 between SCB and our Company to SCBX to align with their internal group restructuring needs.

CPP Investments

CPP Investments is a professional investment management organisation that manages the fund in the best interest of more than 22 million contributors and beneficiaries of the Canada Pension Plan. It is incorporated as a federal Crown corporation by an Act of the Canadian parliament and is governed by its board of directors. CPP Investments is governed and managed independently of the Canada Pension Plan and at arm's length from Canadian federal and provincial governments. In order to build diversified portfolios of assets, investments are made around the world in public equities, private equities, real estate, infrastructure and fixed income. CPP Investments is headquartered in Toronto, with offices in Hong Kong, London, Mumbai, New York City, San Francisco, São Paulo and Sydney. As of 31 March 2025, the fund totalled C\$714 billion. CPP Investments is an independent third party of our Company.

MPIC

MPIC is a Philippine-based investment management and holding company. MPIC is a leading infrastructure holding company with a diverse set of assets held through its operating companies. MPIC's portfolio of infrastructure assets includes power, toll roads, and water, as well as healthcare and light rail, real estate and agriculture which are all primarily located in the Philippines. First Pacific Company Limited, a Hong Kong-based investment management and holding company with operations located in Asia-Pacific whose shares are listed on the Main Board of the Stock Exchange (142.HK), holds approximately 49.9% economic interest in MPIC as at the Latest Practicable Date. The largest shareholder of First Pacific Company Limited is Mr. Anthoni Salim (an independent third party), who is holding approximately 45.21% interests in First Pacific Company Limited as at the Latest Practicable Date.

DGA Capital (Master) Fund

DGA Capital (Master) Fund is a Cayman Islands exempted limited partnership of which DGA Capital (Master) GP Limited serves as the general partner and the investment activities of DGA Capital (Master) Fund are managed by DGA Capital Asset Management Limited, a company incorporated in Hong Kong in 25 March 2022 and licensed for Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (CE Number: BSJ116) subject to the overall control and supervision of DGA Capital (Master) GP Limited, the general partner of DGA Capital (Master) Fund. The

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

sole limited partner of DGA Capital (Master) Fund at its first closing is Magic Thunder Limited, a limited company incorporated in the British Virgin Islands and an indirectly wholly-owned subsidiary of Li Ka Shing Foundation 2022 Limited, a Hong Kong company limited by guarantee.

ORIX Asia Capital

ORIX Asia Capital, a wholly-owned subsidiary of ORIX, is the investment platform for ORIX in the Greater China region. Built on ORIX's reputation, experiences, resources and network, ORIX Asia Capital has invested in many leading companies from various sectors including renewable energy, infrastructure, healthcare, consumer, and Fintech etc. ORIX Asia Capital has been considered a strategic partner with strong commitment to the long-term development of the portfolio companies.

ORIX (TSE: 8591; NYSE: IX) and its subsidiaries (the “**ORIX Group**”) was established in 1964 and has grown from its roots in leasing in Japan to become a global, diverse, and unique corporate group. Today, it is active around the world in financing and investment, life insurance, banking, asset management, real estate, concession, environment and energy, automobile-related services, industrial/ICT equipment, ships and aircraft. Since expanding outside of Japan in 1971, ORIX Group has grown its business globally and now operates in around 30 countries and regions across the world with approximately 34,000 people. ORIX Group unites globally around its Purpose: “Finding Paths. Making Impact.” combining diverse expertise and innovative thinking to help the world develop in a sustainable way.

The largest shareholder of ORIX is The Master Trust Bank of Japan, Ltd. (an independent third party), which is holding approximately 18.95% interests in ORIX as at the Latest Practicable Date.

Huatai Growth Focus Limited

Huatai Growth Focus Limited is a company incorporated in the British Virgin Islands and is wholly-owned by Huatai Fund, an exempted limited partnership formed under the laws of the Cayman Islands, with HVIP acting as the general partner of Huatai Fund. HVIP in turn is a wholly-owned subsidiary of Huatai Financial, which is licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance.

Huatai Financial is ultimately owned by Huatai Securities, a company listed on the Main Board of the Stock Exchange (6886.HK), the Shanghai Stock Exchange (601688.SH) and the global depository receipts of Huatai Securities have been listed on the London Stock Exchange (HTSC.LSE). Huatai Securities is engaged in the securities business, including

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

brokerage, securities underwriting, asset management, investment banking, and online exchange services. The de facto controller of Huatai Securities is State-owned Assets Supervision and Administration Commission of Jiangsu Provincial Government (an independent third party).

Huatai Securities' relationship with PCG exists in the form of a joint venture named HP. Huatai Securities and PineBridge Investments LLC formed HP, in which each party currently holds 49% and the remaining 2% is held by a third party. PineBridge Investments LLC, as part of the PineBridge Group, is majority-owned and controlled by PCG (save for the minority interests owned by directors, management and consultants of PineBridge Group).

EQUITY INCENTIVE PLANS

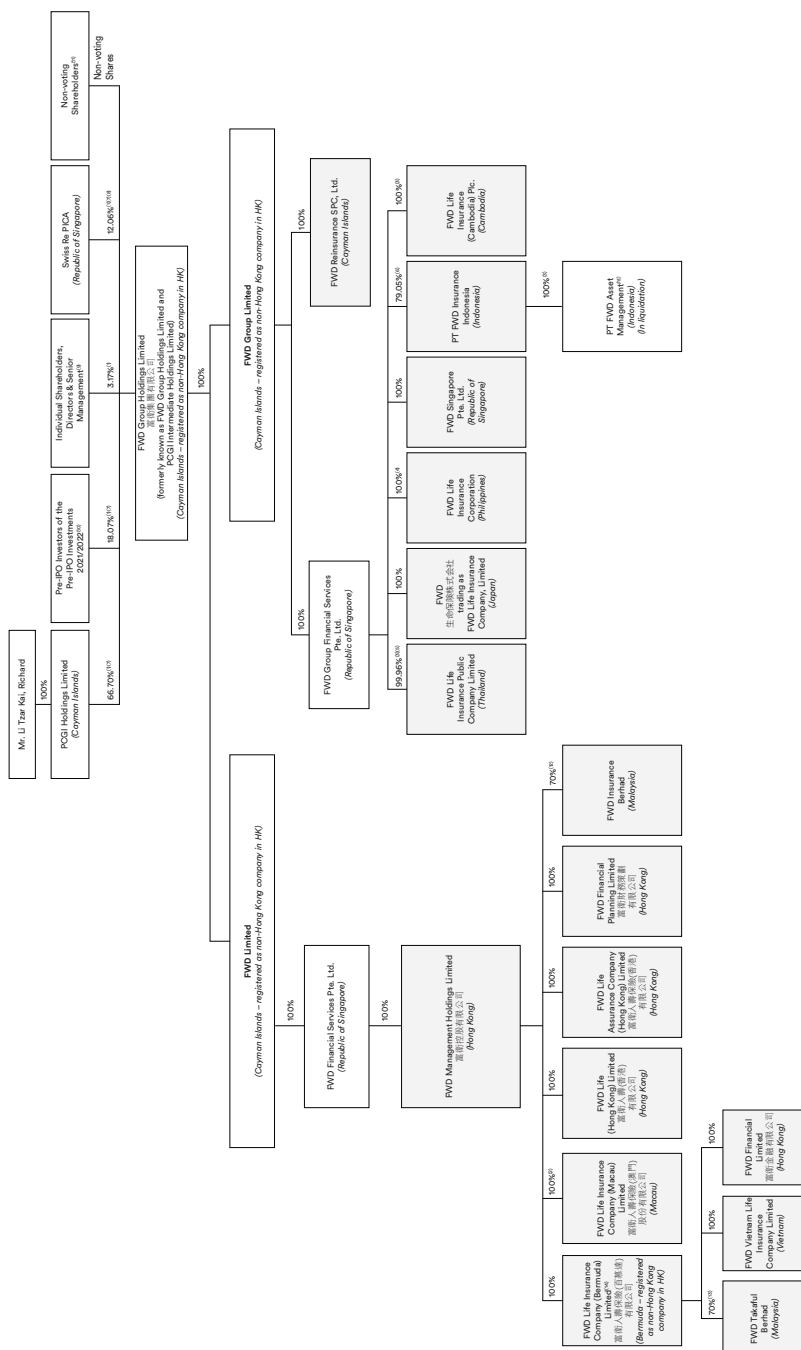
Our Group has adopted the Share Option and RSU Plan, the Share Award Plan and the Employee Share Purchase Plan. Please refer to the section headed “*Appendix V – Statutory and General Information – D. Equity Incentive Plans*” for details of our Pre-IPO Awards.

CORPORATE STRUCTURE

The following diagrams illustrate our corporate and shareholding structure: (1) as at the date of this prospectus and immediately before commencement of Phase 3 of the Reorganisation; (2) upon completion of Phase 3 of the Reorganisation and the Share Consolidation but prior to completion of the issue of Shares to Directors and a former director pursuant to satisfaction of certain Pre-IPO Awards and the Global Offering (assuming the Management Shares, Series P Conversion Shares and Series A/B-2/B-3 Conversion Shares are converted to Shares based on the Offer Price and the expected Listing Date of 7 July 2025); and (3) immediately following the completion of the Global Offering.

- (1) As at the date of this prospectus and immediately before commencement of Phase 3 of the Reorganisation:

HISTORY, REORGANISATION AND CORPORATE STRUCTURE



Notes:

- * The entities in boxes shaded in grey are insurance operating subsidiaries of our Group.
- (1) Percentage of total voting rights.
- (2) Represents the beneficial interest owned by FWD Management Holdings.
- (3) Represents the direct and indirect interest held by our Group (including through contractual arrangements).

- (4) Represents the beneficial interest owned by FWD Group Financial Services.
- (5) The remaining 0.04% in FWD Thailand is held by (i) Siriwan Thongluang as to 0.000000003%, who is a current director of FWD Thailand, (ii) Raynu Niyomdech as to 0.00000003%, who is a former director of FWD Thailand, (iii) 34 minority shareholders each as to less than 0.0003%, all of which are linked to the Group solely by virtue of being current or former employees of the Group and (iv) 163 other minority shareholders each as to less than 0.03895%, all of which are independent third parties.
- (6) The remaining 20.95% in PT FWD Insurance Indonesia is held by PT. Surya Elok Kencana and Rahendrawan as to approximately 20.948833% and 0.00001%, respectively, both of which are independent third parties.
- (7) Percentage of total issued share capital: PCGI Holdings (58.44%); Apollo Principal Holdings (4.94%); SCBX (2.22%); CPP Investments (1.85%); MPIC (0.12%); Swiss Re PICA (11.92%); DGA Capital (Master) Fund (3.71%); ORIX Asia Capital (1.24%); and Huatai Growth Focus Limited (1.24%).
- (8) Reflects the interests held by Swiss Re PICA in the Company (i) by virtue of its Series P Conversion Shares, Series B-2 Conversion Shares and Series B-3 Conversion Shares and as a result of the completion of Phase 3 of the Reorganisation and (ii) by virtue of Swiss Re PICA's participation as a Pre-IPO Investor of the Pre-IPO Investments 2021/2022.
- (9) These being: (i) Huynh Thanh Phong, Peter Karl Grimes, Lau Soon Liang, David John Korunic, Shum Xian Shelyne Ailing, Binayak Dutta, Lo Kwok Chung Raymond, Tsuyoshi Ichihara, Ryuji Kaneda, Wong Kwan Kit, Law Yim Ling, Chow Hun Chi Julie, Tse Chun Kwok, Takahiro Ogasawara, Lau Chi Kin, Azim Khursheid Ahmed Mithani and He Yi (being directors or senior management of our Group); (ii) Ronald Joseph Arculli, Suwimon Thangnisaitrong, Krit Chitranapawong, Craig Alan Merdian, Poramasiri Manolamai, Apirak Chitranondh, Paul Andrew Carrett, Anantharaman Sridharan, Zhuang Li Hao, Nicolas Rodriguez, Law Lai Yee Cecilia, Huynh Huu Khang, Robert Scott Higgins Schimek, Steven David Winegar, Salim Majid Zain Bin Abdul Majid and Li Siu Yan Grace (being former directors or senior management of our Group); and (iii) Wong Ka Kit.
- (10) Pre-IPO Investors of the Pre-IPO Investments 2021/2022 other than PCGI Holdings and Swiss Re PICA. Please refer to the paragraph headed "History, Reorganisation and Corporate Structure – Pre-IPO Investments – Subscription of Shares of our Company by Athene, SCB, CPP Investments, MPIC, Swiss Re PICA, DGA Capital (Master) Fund, PCGI Holdings, ORIX Asia Capital and Huatai Growth Focus Limited" for further details.
- (11) These being: (i) Crimson White Investment; (ii) Fornax; (iii) Future Financial Investment; (iv) PCGI Holdings; (v) Swiss Re PICA; (vi) Wong Ka Kit; (vii) Spring Achiever Limited; and (viii) Spring Achiever HK.
- (12) Represents the indirect effective interest held by our Group together with local investors.
- (13) Represents voting interests and equity interest consistent with the presentation of our interests in FWD Takaful in our financial statements.
- (14) FWD Life (Bermuda) has a representative office in Shanghai, the People's Republic of China and a branch registered in Singapore (which holds a licence issued by the MAS as a direct life insurer to carry on life business in Singapore serving a defined market segment).

- (15) On 6 March 2025, the OJK approved the surrender of PT FWD Asset Management's investment management licence as a first step of its voluntary liquidation, which is expected to complete in 2025. On 26 March 2025, the shareholders of this subsidiary resolved to dissolve the company. PT FWD Asset Management is now in the liquidation process, which is expected to be completed in 2025. For details, see "*Regulatory Overview and Taxation – A. Regulatory Overview – Laws and Regulations Relating to the Group's Business and Operations in Indonesia – Asset Management Regulatory Framework.*"

(2) Upon completion of Phase 3 of the Reorganisation and the Share Consolidation but prior to completion of the issue of Shares to Directors and a former director pursuant to satisfaction of certain Pre-IPO Awards and the Global Offering (assuming the Management Shares, Series P Conversion Shares and Series A/B-2/B-3 Conversion Shares are converted to Shares based on the Offer Price and the expected Listing Date of 7 July 2025):



Notes:

- * The entities in boxes shaded in grey are insurance operating subsidiaries of our Group.
- (1) Represents the beneficial interest owned by FWD Management Holdings.
- (2) Represents the direct and indirect interest held by our Group (including through contractual arrangements).
- (3) Represents the beneficial interest owned by FWD Group Financial Services.
- (4) The remaining 0.04% in FWD Thailand is held by (i) Siriwan Thongluang as to 0.00000003%, who is a current director of FWD Thailand, (ii) Raynu Niyomdech as to 0.00000003%, who is a former director of FWD Thailand, (iii) 34 minority shareholders each as to less than 0.0003%, all of which are linked to the Group solely by virtue of being current or former employees of the Group and (iv) 163 other minority shareholders each as to less than 0.03895%, all of which are independent third parties.
- (5) The remaining 20.95% in PT FWD Insurance Indonesia is held by PT. Surya Elok Kencana and Rahendrawan as to approximately 20.94883% and 0.00001%, respectively, both of which are independent third parties.
- (6) Reflects the Shares issued to Future Financial Investment, Crimson White Investment, Fornax, PCGI Holdings, Spring Achiever Limited, Spring Achiever HK, and Wong Ka Kit as a result of conversion of each of their respective interests pursuant to Phase 3 of the Reorganisation. For further details in respect of calculations of the number of Shares converted from the Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares as a result of Phase 3 of the Reorganisation, please refer to the section headed “History, Reorganisation and Corporate Structure – Phase 3: Conversion of Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares into Shares”.
- (7) Reflects the interests held by Swiss Re PICA in the Company (i) by virtue of conversion of its Series P Conversion Shares, Series B-2 Conversion Shares and Series B-3 Conversion Shares pursuant to Phase 3 of the Reorganisation and (ii) by virtue of Swiss Re PICA's participation as a Pre-IPO Investor of the Pre-IPO Investments 2021/2022.
- (8) These being: (i) Huynh Thanh Phong, Peter Karl Grimes, Lau Soon Liang, David John Korunic, Shum Xian Shelyne Ailing, Binayak Dutta, Lo Kwok Chung Raymond, Tsuyoshi Ichihara, Ryuji Kaneda, Wong Kwan Kit, Law Yim Ling, Chow Hun Chi Julie, Tse Chun Kwok, Takahiro Ogasawara, Lau Chi Kin, Azim Khursheid Ahmed Mithani and He Yi (being directors or senior management of our Group); (ii) Ronald Joseph Arculli, Suwimon Thangnisaitrong, Krit Chitranapawong, Craig Alan Merdian, Poramasiri Manolamai, Apirak Chitranondh, Paul Andrew Carrett, Anantharaman Sridharan, Zhuang Li Hao, Nicolas Rodriguez, Law Lai Yee Cecilia, Huynh Huu Khang, Robert Scott Higgins Schimek, Steven David Winegar, Salim Majid Zain Bin Abdul Majid and Li Siu Yan Grace (being former directors or senior management of our Group); and (iii) Wong Ka Kit.
- (9) Pre-IPO Investors of the Pre-IPO Investments 2021/2022 other than PCGI Holdings and Swiss Re PICA. Please refer to the paragraph headed “History, Reorganisation and Corporate Structure – Pre-IPO Investments – Subscription of Shares of our Company by Athene, SCB, CPP Investments, MPIC, Swiss Re PICA, DGA Capital (Master) Fund, PCGI Holdings, ORIX Asia Capital and Huatai Growth Focus Limited” for further details.
- (10) Percentage of total issued share capital in relation to the Pre-IPO Investments 2021/2022: PCGI Holdings 2.30%; Apollo Principal Holdings 1.80%; SCBX 0.81%; CPP Investments 0.68%; MPIC 0.05%; Swiss Re PICA 0.34%; DGA Capital (Master) Fund 1.35%; ORIX Asia Capital 0.45%; and Huatai Growth Focus Limited 0.45%.

- (11) Represents the indirect effective interest held by our Group together with local investors.
- (12) Represents voting interests and equity interest consistent with the presentation of our interests in FWD Takaful in our financial statements.
- (13) FWD Life (Bermuda) has a representative office in Shanghai, the People's Republic of China and a branch registered in Singapore (which holds a licence issued by the MAS as a direct life insurer to carry on life business in Singapore serving a defined market segment).
- (14) On 6 March 2025, the OJK approved the surrender of PT FWD Asset Management's investment management licence as a first step of its voluntary liquidation, which is expected to complete in 2025. On 26 March 2025, the shareholders of this subsidiary resolved to dissolve the company. PT FWD Asset Management is now in the liquidation process, which is expected to be completed in 2025. For details, see "*Regulatory Overview and Taxation – A. Regulatory Overview – Laws and Regulations Relating to the Group's Business and Operations in Indonesia – Asset Management Regulatory Framework.*"

(3) Immediately following the completion of the Global Offering:



- * The entities in boxes shaded in grey are insurance operating subsidiaries of our Group.
- (1) Represents the beneficial interest owned by FWD Management Holdings.

- (2) Represents the direct and indirect interest held by our Group (including through contractual arrangements).
- (3) Represents the beneficial interest owned by FWD Group Financial Services.
- (4) The remaining 0.04% in FWD Thailand is held by (i) Siriwan Thongluang as to 0.000000003%, who is a current director of FWD Thailand, (ii) Raynu Niyomdech as to 0.000000003%, who is a former director of FWD Thailand, (iii) 34 minority shareholders each as to less than 0.0003%, all of which are linked to the Group solely by virtue of being current or former employees of the Group and (iv) 163 other minority shareholders each as to less than 0.03895%, all of which are independent third parties.
- (5) The remaining 20.95% in PT FWD Insurance Indonesia is held by PT. Surya Elok Kencana and Rahendrawan as to approximately 20.948833% and 0.00001%, respectively, both of which are independent third parties.
- (6) Reflects the interests held by Swiss Re PICA in the Company (i) by virtue of its Series P Conversion Shares, Series B-2 Conversion Shares and Series B-3 Conversion Shares and as a result of the completion of Phase 3 of the Reorganisation and (ii) by virtue of Swiss Re PICA's participation as a Pre-IPO Investor of the Pre-IPO Investments 2021/2022.
- (7) These being: (i) Huynh Thanh Phong, Peter Karl Grimes, Lau Soon Liang, David John Korunic, Shum Xian Shelyne Ailing, Binayak Dutta, Lo Kwok Chung Raymond, Tsuyoshi Ichihara, Ryuji Kaneda, Wong Kwan Kit, Law Yim Ling, Chow Hun Chi Julie, Tse Chun Kwok, Takahiro Ogasawara, Lau Chi Kin, Azim Khursheid Ahmed Mithani and He Yi (being directors or senior management of our Group); (ii) Ronald Joseph Arculli, Suwimon Thangnisaitrong, Krit Chitranapawong, Craig Alan Merdian, Poramasiri Manolamai, Apirak Chitranondh, Paul Andrew Carrett, Anantharaman Sridharan, Zhuang Li Hao, Nicolas Rodriguez, Law Lai Yee Cecilia, Huynh Huu Khang, Robert Scott Higgins Schimek, Steven David Winegar, Salim Majid Zain Bin Abdul Majid and Li Siu Yan Grace (being former directors or senior management of our Group); and (iii) Wong Ka Kit.
- (8) Pre-IPO Investors of the Pre-IPO Investments 2021/2022 other than PCGI Holdings and Swiss Re PICA. Please refer to the paragraph headed "History, Reorganisation and Corporate Structure – Pre-IPO Investments – Subscription of Shares of our Company by Athene, SCB, CPP Investments, MPIC, Swiss Re PICA, DGA Capital (Master) Fund, PCGI Holdings, ORIX Asia Capital and Huatai Growth Focus Limited" for further details.
- (9) Percentage of total issued share capital in relation to the Pre-IPO Investments 2021/2022: PCGI Holdings 2.13%; Apollo Principal Holdings 1.67%; SCBX 0.75%; CPP Investments 0.63%; MPIC 0.04%; Swiss Re PICA 0.31%; DGA Capital (Master) Fund 1.25%; ORIX Asia Capital 0.42%; and Huatai Growth Focus Limited 0.42%.
- (10) Represents the indirect effective interest held by our Group together with local investors.
- (11) Represents voting interests and equity interest consistent with the presentation of our interests in FWD Takaful in our financial statements.
- (12) FWD Life (Bermuda) has a representative office in Shanghai, the People's Republic of China and a branch registered in Singapore (which holds a licence issued by the MAS as a direct life insurer to carry on life business in Singapore serving a defined market segment).
- (13) On 6 March 2025, the OJK approved the surrender of PT FWD Asset Management's investment management licence as a first step of its voluntary liquidation, which is expected to complete in 2025. On 26 March 2025, the shareholders of this subsidiary resolved to dissolve the company. PT FWD Asset Management is now in the liquidation process, which is expected to be completed in 2025. For details, see "Regulatory Overview and Taxation – A. Regulatory Overview – Laws and Regulations Relating to the Group's Business and Operations in Indonesia – Asset Management Regulatory Framework."

INDUSTRY OVERVIEW

This section contains information relating to our industry and the trends that are shaping its development. Certain facts, statistics and data presented in this section and elsewhere in this prospectus have been derived, in part, from various publicly available government and official sources, independent third-party sources and publications. We also commissioned an independent industry consultant, NMG, to prepare a report upon which this Industry section is based (the “NMG Report”). In the course of its research, NMG conducted primary and secondary research, and the sources used are considered by NMG to be reliable. All data, including forecasts, referenced in this section is from the NMG Report, unless otherwise specified.

We believe that the sources of the information relating to our industry in this section and elsewhere in this prospectus are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information included herein that is based on or derived from government and official sources has not been independently verified by us or the underwriters, and no representation is given as to its correctness, accuracy or completeness.

Further, in relation to the facts, forecasts and other statistics which have been taken from government and official sources or statements, neither we nor the Relevant Persons are responsible for the accuracy, reliability and/or completeness of such information.

We have agreed to pay NMG a fee of US\$1,588,000 for the preparation of the NMG Report. The fee is not contingent upon the completion of the Global Offering.

Introduction

The life insurance industry offers a broad range of products that address three core customer needs: (i) savings and investment, (ii) protection from the financial implications of illness, morbidity and mortality, and (iii) retirement income. Typical savings and investment products include endowments, unit-linked products and participating life insurance products. Protection products include medical and health insurance products as well as products protecting against accidents, critical illness, disability and death. Annuity products provide policyholders with income after they retire.

This section principally focuses on the life insurance industry in the markets in which we operate, namely Hong Kong (and Macau), Thailand (and Cambodia), Japan, the Philippines, Indonesia, Singapore, Vietnam and Malaysia. Comparisons are also provided to four markets in which we do not currently operate but which have a sizeable life insurance industry, namely mainland China, India, South Korea and Taiwan. In this section, unless stated

INDUSTRY OVERVIEW

otherwise: (i) information and statistics provided for Asia relate to the markets in which we operate and the four comparable markets, and (ii) information and statistics provided for Southeast Asia relate to Thailand (and Cambodia), the Philippines, Indonesia, Singapore, Vietnam and Malaysia.

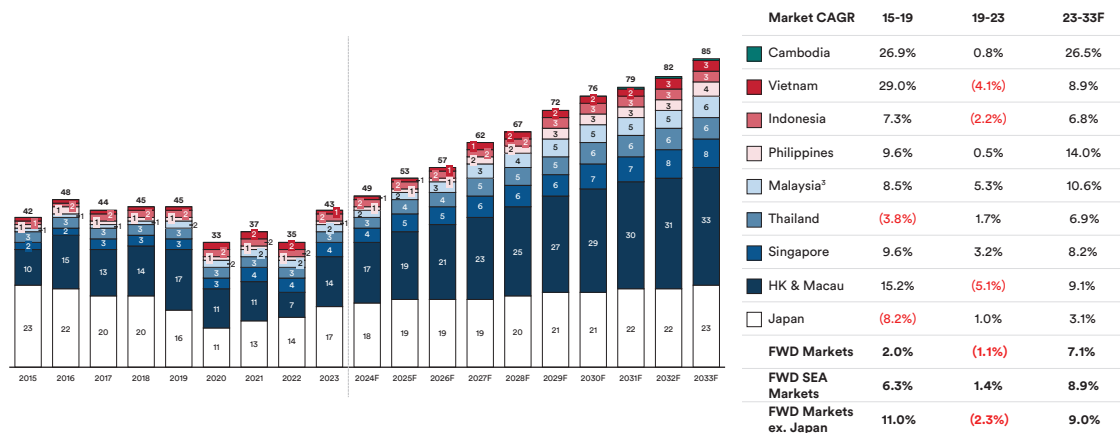
This section discusses five key themes that characterise the current landscape and future growth of the Asia life insurance industry.

The Asia life insurance industry continues to exhibit robust growth driven by structural and macroeconomic factors.

Market size and growth

Asia is one of the largest life insurance markets globally, with approximately 36% of global life insurance gross written premiums, or GWP, generated in Asia in 2023. Asia generated an estimated US\$1,028 billion of life insurance GWP in 2023, 40% of which was originated in the markets in which we operate. Life insurance GWP in Asia is expected to reach US\$2,178 billion in 2033. Life insurance APE in our markets grew at a CAGR of 2.0% from 2015 to 2019, reduced by an annualised basis of 1.1% from 2019 to 2023 (impacted by the COVID-19 pandemic), and is expected to grow at a CAGR of 7.1% from 2023 to 2033, as illustrated in the chart below.

FWD Markets – Individual Life Insurance New Business
(APE¹, US\$ billions)



Source: NMG Asia Life Insurance Market Model

- (1) Using local market convention for APE, using static FX rates as at 30 June 2023.
- (2) Includes conventional life insurance and takaful.

Life insurance is currently primarily distributed through face-to-face interactions with intermediaries. The COVID-19 pandemic in 2020 had a significant impact on intermediaries' ability to distribute to consumers, resulting in a material decline in APE. However, based on

INDUSTRY OVERVIEW

the NMG Asia Life Consumer Study, experience across global life insurance markets and historical market momentum, underlying customer awareness and appreciation of the importance of life insurance remains. As COVID-19 restrictions were lifted and intermediaries' ability to interact with customers through face-to-face meetings returned, we observed APE volumes rebounding to pre-COVID-19 levels across most markets by 2023. APE growth is expected to accelerate across all markets in the long-term on the back of increased customer awareness of the need for life and health coverage, as well as through the industry digitising across the value chain and customer journey, ultimately enhancing their ability to reach and convert consumers, reducing the protection gap.

While there is significant volatility associated with the macroeconomic environment, the significant projected future long-term increase in life insurance APE across the FWD markets remains unchanged. COVID-19 and the current macroeconomic environment have not materially impacted the long-term fundamental drivers/basis that underpin these forecasts (including but not limited to: fundamental population, demographic and macroeconomic drivers, consumer perceptions of life insurance and trust in insurers, in conjunction with the realisation of digitisation initiatives by providers).

We operate in six of the ten fastest-growing markets in Asia, five of which are in Southeast Asia. Southeast Asia is expected to be a key driver of growth in the Asia life insurance market, given the population base, the proportion of the middle class in the overall population, and the larger protection gap, compared to the rest of the Asia region.

Structural macroeconomic growth drivers

The growth of the Asia life insurance market and the forecasts of NMG above are based on a number of demographic and macroeconomic factors, as discussed below.

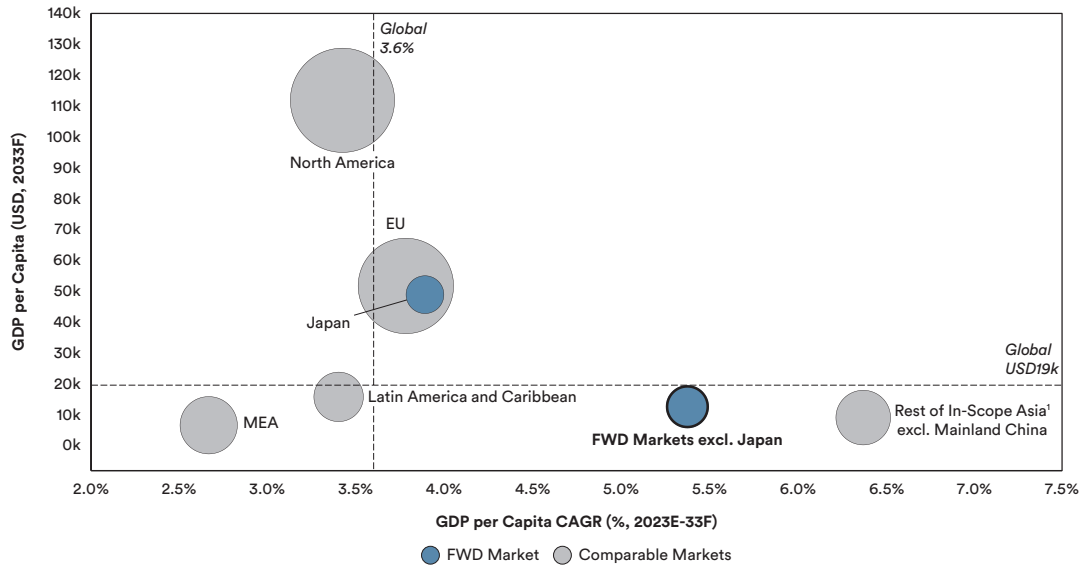
Favourable demographics with growing wealth and expanding middle class

Many of our markets enjoy a younger demographic. Asia had a total population of approximately 3.7 billion as at 31 December 2023, 60% of which was under the age of 40. The under-40 population in Asia was 2,201 million in 2023, whereas in Europe and in North America, the equivalent population was 349 million and 200 million, respectively. In our markets, the under-40 population was 454 million in 2023, accounting for 60% of the total 2023 population. In particular, 64% of the Southeast Asia population was under the age of 40. The median age in our markets was 34 years as at 2023, compared to 34 years for Asia as a whole, 49 years for Japan, 39 years for China and 30 years for the rest of Asia (excluding our markets). The GDP per capita of our markets grew at a CAGR of 1.1% from 2015 to 2023, reaching approximately US\$11,000 as at the end of 2023. It is expected to further grow at a CAGR of 4.3% from 2023 to 2033 (or at a CAGR of 5.4% excluding Japan), compared with forecasted global GDP per capita growth of 3.6% over the same period. Also from 2023 to 2033, GDP per capita in the markets of Southeast Asia in which we operate is expected to grow at a rate of 1.5 times of the global average. Average per capita gross savings of our markets reached approximately US\$3,400 as at the end of 2023. Per capita gross national

INDUSTRY OVERVIEW

income, or GNI, for the Southeast Asia markets where we operate, grew at a CAGR of 4.3% from 2015 to 2023, compared to the global average of 3.2%. The following chart illustrates per capita GDP growth by region and across our markets.

GDP per Capita and Growth by Region
(USD, 2023E-33F)



Source: United Nations, World Bank, IMF, NMG Estimates

Note: Area of bubbles represent the country's projected GDP in 2033;

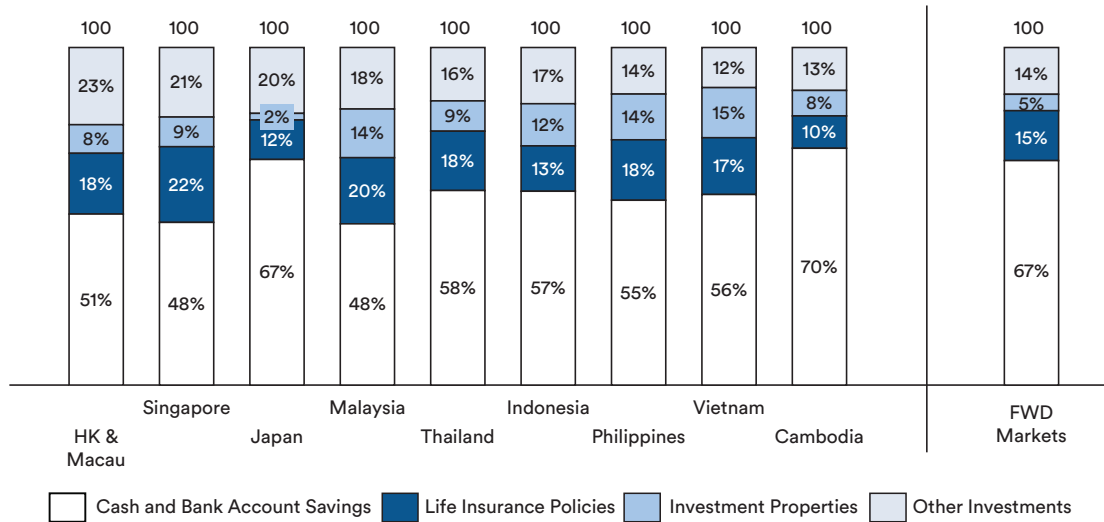
1 Rest of In-Scope Asia comprises of Mainland China, India, South Korea and Taiwan.

The rising income levels in our markets are expected to create opportunities for life insurance companies to capitalise on the increasing savings and investable wealth in those markets. In particular, the middle class population, which is the population classified with daily income between US\$20 and US\$120 per person in 2017 purchasing power parity terms, grew at a CAGR of 2.5% from 2015 to 2023 in our markets. The middle class accounted for 56% of the total population of our markets as at the end of 2023, compared to the global average of 48%. In particular, the middle class population in the Southeast Asia markets where we operate is expected to grow by approximately 125 million in the next ten years.

A significant portion of the investable wealth in our markets is currently allocated to cash and bank savings, which, on average, accounted for 67% of the total investable wealth of our markets in 2023. There is significant potential in these markets for customers to increase the allocation of their investable wealth to life insurance policies, particularly as their average income and savings increase. The chart below sets forth the breakdown of the average investable wealth distribution by asset type across our markets in 2023.

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Average Investable Wealth Distribution by Asset Type
(%, 2023)



Source: UBS Global Wealth Databook 2023, NMG Asia Life Consumer Study 2023

Sizeable protection gap across the Asia region

The growth of the life insurance market is also driven by the mortality and health protection gaps. The mortality protection gap is the shortfall between the financial resources a household needs versus what is available, to maintain its living standard in the event of the premature death of the primary income earner and the health protection gap is the cost of stressful self-financing or forgoing healthcare due to unaffordability, both measured in annualised premium equivalent terms. The protection gap for Asia as measured by APE was US\$957 billion as at the end of 2023, including US\$7 billion for Hong Kong (and Macau), US\$4 billion for Thailand, US\$66 billion for Japan, US\$26 billion for Indonesia, US\$13 billion for Malaysia, US\$10 billion for the Philippines, US\$10 billion for Vietnam, US\$6 billion for Singapore, US\$0.3 billion for Cambodia, US\$405 billion for mainland China and US\$204 billion for the rest of Asia.

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The following chart illustrates the demographic and macroeconomic growth drivers for Asia:

Key Individual In-Scope Market Metrics

Market	Life Insurance GWP 2015-23 CAGR (%)	Population (m)	Income per Capita Growth ¹	Protection Gap (USD bn)	Life Insurance Penetration ²
Cambodia	26.5%	17	6.1%	0.3	0.5%
Vietnam	19.3%	100	6.5%	10	1.6%
India	10.7%	1,438	5.7%	148	2.8%
Mainland China	9.6%	1,411	5.8%	405	2.1%
Singapore	7.6%	6	4.0%	6	6.7%
Malaysia	7.3%	35	2.1%	13	3.7%
Philippines	6.4%	115	3.4%	10	1.3%
HK & Macau	4.9%	8	2.4%	7	14.5%
Indonesia	3.6%	281	5.1%	26	0.9%
Thailand	2.1%	72	3.3%	4	3.5%
Japan	(0.3%)	125	(0.2%)	66	6.1%
South Korea	(0.6%)	52	2.0%	42	4.9%
Taiwan	(5.0%)	23	4.7%	14	7.1%

■ FWD Markets ■ Other Asia Markets

Source: NMG Asia Life Insurance Market Model, NMG Estimates, Swiss Re Sigma Explorer 2024, United Nations, World Bank, IMF, World Data Lab, GSMA, GWP statistics published by each market's regulatory body and local life insurance association

- (1) GNI per capita CAGR from 2015 -2023.
- (2) As % of GDP.

In response to the COVID-19 pandemic, we have observed several trends to emerge in Asia's life insurance market, including (i) enhanced consumer awareness for health and protection products; (ii) online and digital engagement with customers becoming a critical part of engagement not only for purchasing but end-to-end servicing; (iii) life insurance companies competing based on their innovation capabilities and their speed to market; and (iv) increasing importance of ecosystem partnerships.

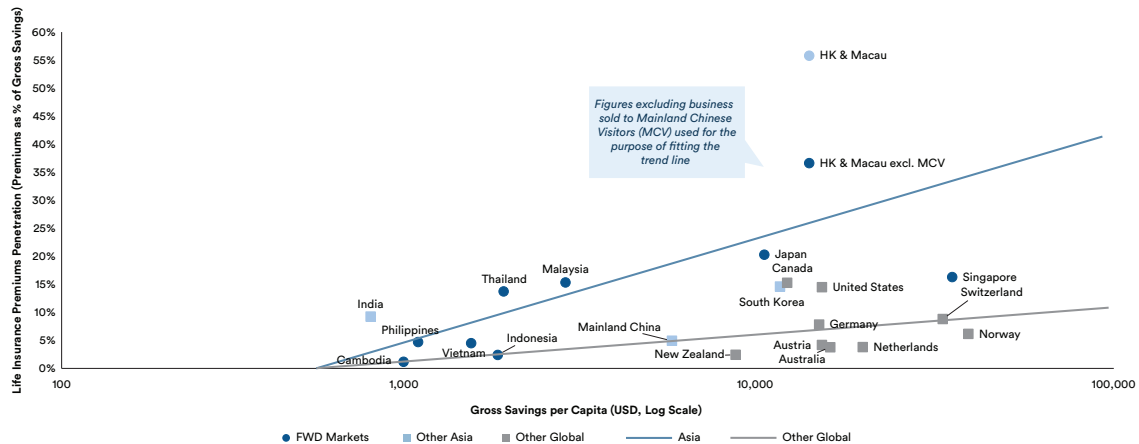
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There is a substantial underserved insurance “white space” with significant lifetime value.

Life insurance penetration

The emerging markets in Asia, including our markets such as Thailand, Cambodia, the Philippines, Indonesia, Vietnam and Malaysia, currently have significant potential for life insurance penetration. In Asia, life insurance premiums per capita are at only US\$200 and the ratio of life insurance premiums to gross savings is 6.5%. The ratio of life insurance premiums to gross savings in North America and Europe is 14.6% and 15.5%, respectively. This indicates significant growth opportunities for emerging markets in the Asia region. The chart below illustrates the life insurance penetration rates by market as at the end of 2023.

Life Insurance Penetration
(Premiums as % of Gross Savings, 2023E)



Source: NMG Asia Life Insurance Market Model, Swiss Re Institute, World Bank

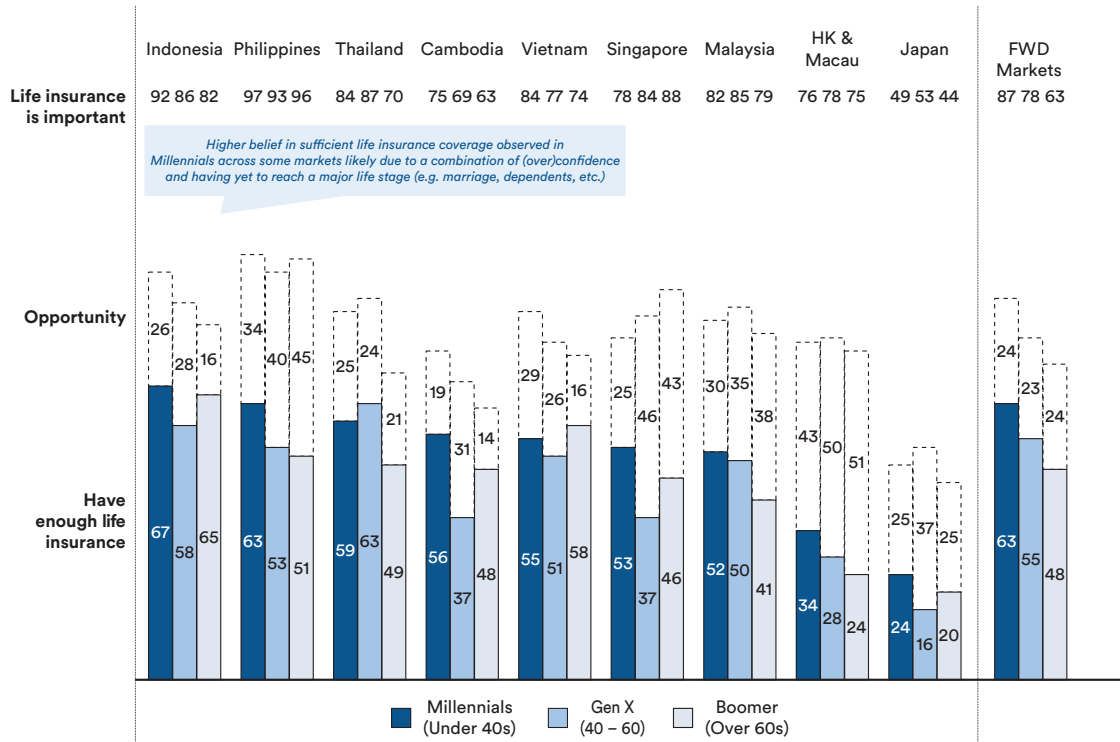
Gap between intent to buy and actual purchase propensity

Consumers across all age groups within our markets, including millennials (defined as those aged under 40), acknowledge that despite having the intention to purchase life insurance, they remain under-insured. As illustrated in the following chart, 87% of millennials regard life insurance as important, but only 63%, when surveyed, stated that they believe they have adequate life insurance. This significant gap between having the intention to purchase and having adequate life insurance coverage is observed in consumers across all age segments in our markets.

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Consumer Views on Life Insurance

(Stated importance of life insurance vs whether current life insurance is sufficient, %, 2023)



Source: NMG Asia Life Consumer Study 2023

NMG's research methodology and scoring basis implemented quotas across markets, and key demographic variables (gender, personal income and age), as well as screening questions to ensure a representative sample. The 'opportunity' metric is the difference between the proportion of consumers that answered 'moderately important' or 'very important' to the question 'how important is life insurance to you and your household?', and 'not confident' or 'not confident at all' to the question 'how confident are you that you have enough coverage for you and your household across the following?'.

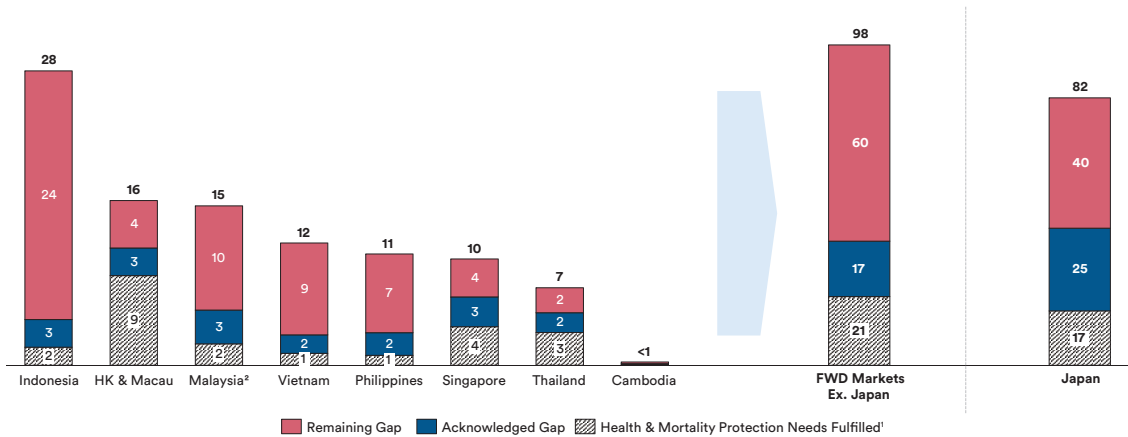
We believe these underserved consumer needs have resulted from several customer pain points throughout the customer journey, from being unable to afford life insurance to being unsatisfied with a long-winding purchase process.

The customers are often offered complex and jargon-laced products via offline channels. At the same time, distributors lack timely access, natural touchpoints and insights into these prospective customers to serve them effectively. As a result of the legacy systems of many life insurance companies, customers are often faced with convoluted, paper-based and time-consuming purchase processes.

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In addition, NMG found that approximately one-third of life insurance claimants in Asia are dissatisfied with the claims process because it is lengthy, difficult to understand, coupled with limited post-sale engagement and unsatisfactory customer service and excessive amount of information required. See “– Asia’s life insurance landscape is constrained by traditional business models” for more details on these customer pain points. As illustrated in the following chart, consumers’ acknowledgement of underinsurance translates to approximately US\$42 billion of the overall approximately US\$143 billion protection gap, as measured by APE as at the end of 2023. We expect that rising income and wealth levels as well as the ongoing growth of the life insurance industry will help consumers better understand their need for protection.

Estimated Health & Mortality Protection Needs and Gap Across FWD Markets
as measured by APE¹
(2023, US\$ billions)



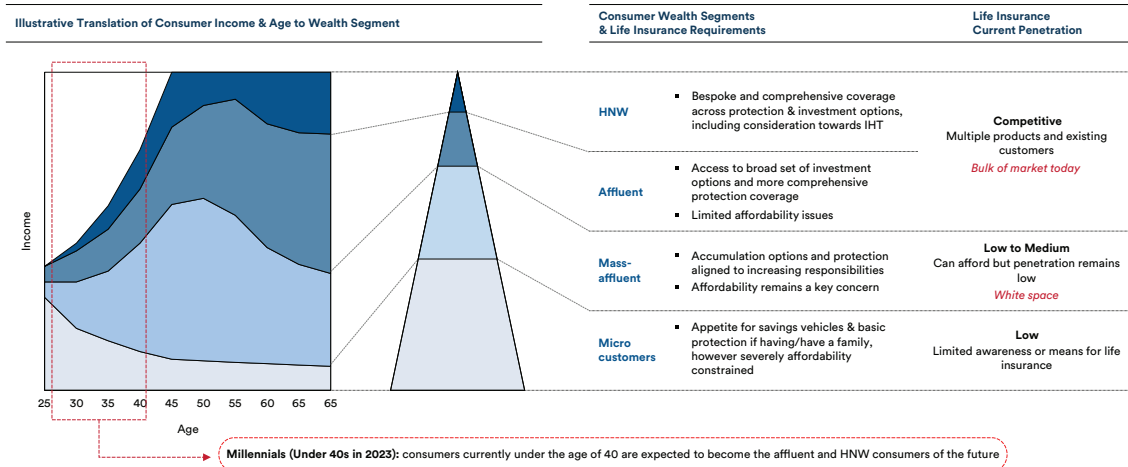
Source: NMG Asia Life Insurance Market Model, NMG Asia Life Consumer Study 2023, Swiss Re Institute, NMG Estimates

- (1) ‘Health & Mortality Protection Needs Fulfilled’ is actual life insurance new business volumes written (as measured by APE) in 2023. The total gap (acknowledged and remaining) is based on Swiss Re’s published life and health protection gaps, with additional NMG estimates overlaid to calculate individual country gaps where not published by Swiss Re.
- (2) Includes conventional life insurance and takaful.

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Customer segmentation and lifetime value

The following chart illustrates the four different customer segments for the life insurance industry and their correlation with age.



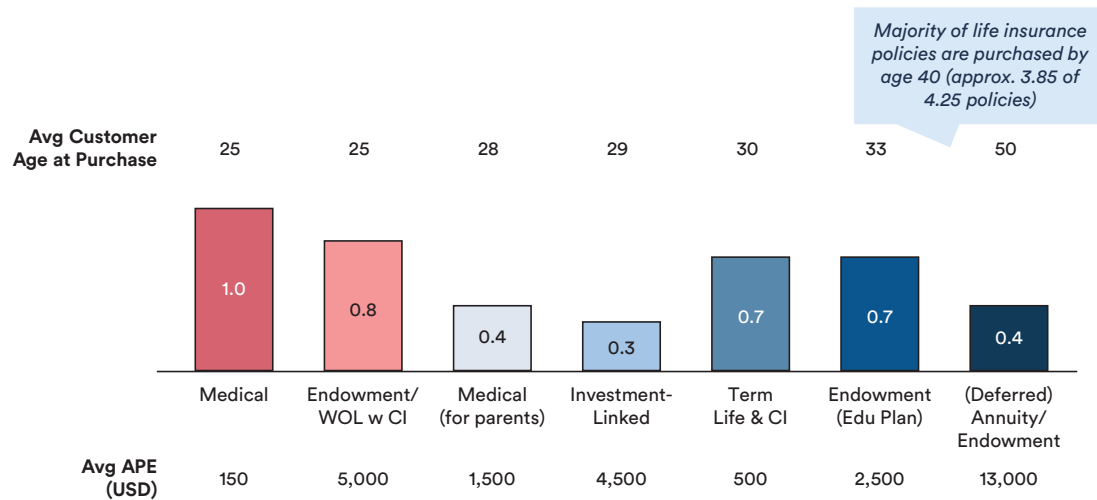
Source: NMG

Although the millennial population currently makes up only a small proportion of high net worth and affluent customers, as their income and wealth level increases, this proportion is expected to increase over time. However, due to the traditional business models discussed below, the majority of the millennials segment is currently underserved because life insurance products and propositions generally appeal more to older high net worth and affluent customers. Since a large proportion of millennial customers will become affluent and high net worth customers over time and offer substantial lifetime value, insurance companies can capture these potential customers early on.

The evolving needs and high lifetime value of millennials allow life insurance companies to gain greater value throughout their life insurance journey. The cumulative lifetime value of a typical new 25-year-old policyholder in mature FWD markets such as Singapore and Hong Kong is on average ten times the value of their initial purchase (approximately US\$2,800 and US\$260, respectively). New 25-year-old policyholders will, on average, purchase 4.25 life insurance policies over their lifetimes and the majority of these policies will be purchased before they reach the age of 40. In addition, since customers prefer different products at different life stages, the change in product preferences of the current millennial segment also offers opportunities for life insurance companies to cross-sell as well as up-sell. Millennials generally prefer medical insurance products in early life stages and, as they age and as they accumulate wealth, their preference changes to a broader range of insurance products such as term life, critical illness and unit-linked products. Therefore, millennials are expected to have greater needs for products that address their protection needs, as they go through their life stages. For example, the following chart illustrates the purchasing journey and lifetime value of a typical 25-year-old new policyholder.

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Average # of Policies Over Typical New 25-Year-Old Customer's Lifetime



Source: NMG Asia Customer Lifetime Value Model

Asia's life insurance landscape is constrained by traditional business models.

Overview

The majority of life insurance companies in Asia have been constrained by traditional business models. The top three Pan-Asian life insurers, as measured by total APE market share, have been investing significantly in upgrading their infrastructure, but attempts to digitalise the life insurance business and streamline the relevant processes take time to gain traction among insurance companies, and effective digitalisation efforts appear to be largely limited to a few players. In addition, there are some slower growth mid-sized multi-national and local insurers who either may have more limited resources or lack the support and commitment to make a significant difference. As a result, many of Asia's life insurance companies are still in the early to mid stages of digital transformation.

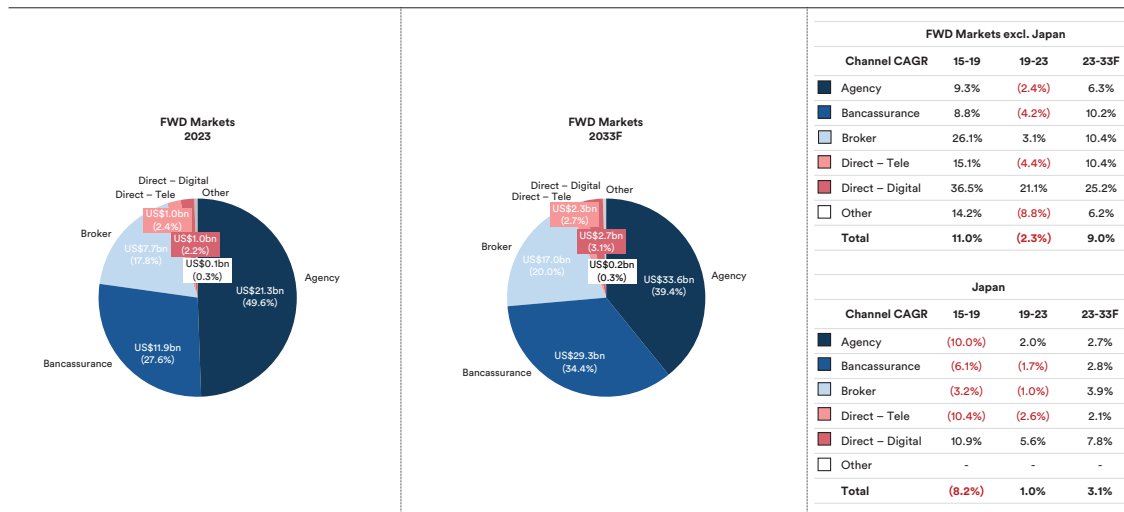
Distribution channels

The Asia life insurance market is relatively reliant on traditional distribution channels such as agency, bancassurance and brokerage/IFA. While direct channels are expected to grow at a much faster rate, bancassurance, agency and brokerage/IFA channels are still expected to make up the majority of distribution over the next decade. In our markets (excluding Japan), APE distributed through the direct digital channel is expected to grow at a CAGR of 25.2% from 2023 to 2033F, compared to projected growth of 6.3% for the agency channel, 10.2% for the bancassurance channel, 10.4% for the brokerage/IFA channel, and 10.4% for traditional direct tele-marketing over the same period. Amongst the top three distribution channels (agency, bancassurance and brokerage/IFA) in FWD markets (excluding Japan), the brokerage/IFA channel is the only channel that achieved positive

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growth during the 2019-2023 period under COVID disruption. In addition, going forward the brokerage/IFA channel is expected to be the fastest growing channel amongst the top three distribution channels in FWD Markets from 2023-2033F. Agency, bancassurance and brokerage/IFA channels together are expected to amount to approximately US\$79 billion, which represents 92.9% of the APE in our markets in 2033. The following chart illustrates the breakdown of APE by distribution channel in our markets in 2023 and 2033.

Individual Life Insurance New Business by Distribution Channel
(APE¹, US\$ billions)



Source: NMG Asia Life Insurance Market Model

(1) Using local market convention for APE, using static FX rates as at 30 June 2023.

Most life insurance companies in Asia are heavily reliant on the agency channel, which has experienced very limited digital adoption historically. Similarly, traditional direct channels are not digitally enabled and are severely limited in terms of the types of products they currently offer and the underlying purchase process. However, the COVID-19 pandemic has further accelerated insurers investment into the digitisation of their agency forces and their direct channels.

Homogenised product offerings

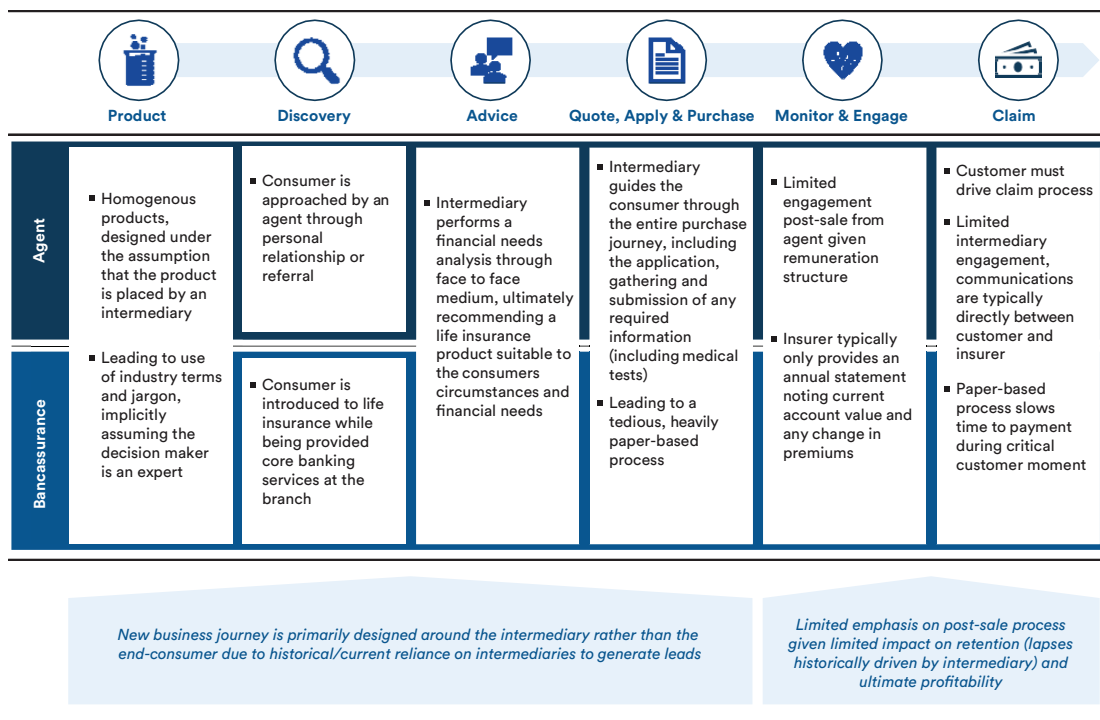
Within Asia, there are limited differences across the core benefits of product offerings in each market, and since pricing remains opaque, it is difficult for customers to compare fees and other costs across insurers. Customers are often offered standard products with bundled coverage and benefits, limiting customer ability to choose coverage or benefits that are tailored to their specific needs. In addition, due to the dominance of agency and bancassurance as distribution channels, products are often designed to be distributed through an intermediary, such as an agent or bank staff, which results in the pervasive use of industry jargon that customers do not understand.

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Products offered by Asia's life insurance companies generally fall into the following categories: medical/health, personal accident, term life, endowment, whole of life, investment-linked and retirement income. The core characteristics of products within the same category are generally the same, with only marginal differences in areas such as coverage limits, number of exclusions, detailed terms and optional riders.

Customer journey

Given the dominance of the agency and bancassurance channels, the traditional customer journey is designed to focus heavily on the origination phase and rely on agents and bank staff to engage with customers and guide them through the sale process. Since there is limited engagement from agents post-sale, policyholders receive very little after-sale service and are often left alone to drive the claims process. In addition, the traditional sale and claims processes have been heavily paper-based and require a substantial amount of information. Even where modern digital claim tools are utilised, without engagement with agents, the claims process can still prove difficult to navigate for customers. The chart below shows a simplified version of a typical traditional customer journey across different stages for the agency and bancassurance channels.



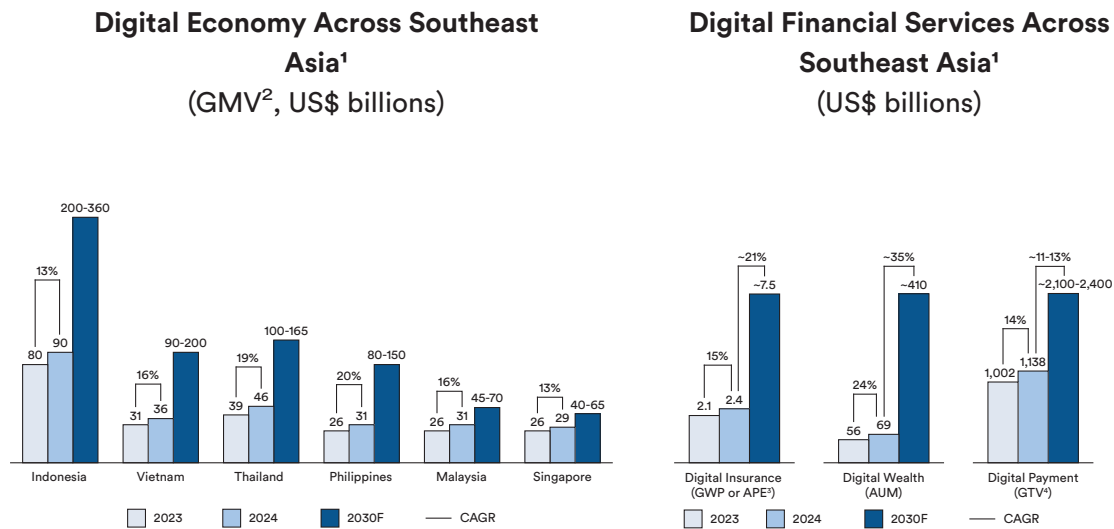
Source: NMG

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Digital adoption is a key enabler of change for Asia's life insurance industry.

Growth of the digital economy

Growth of the digital economy across our markets is a key growth driver for the life insurance industry as customers become increasingly digitally savvy. The expanding levels of digital connectivity, as well as the increasing affordability and higher adoption rates for digital services, enable insurers with digitally native, customer-focused business models to penetrate underserved customer segments rapidly. The following chart illustrates the growth in the digital economy across our markets over the periods indicated.



Source: Google, Temasek and Bain e-Economy SEA 2024 report

- (1) Southeast Asia here only encompasses Thailand, the Philippines, Indonesia, Singapore, Vietnam, and Malaysia.
- (2) GMV means Gross Merchandise Value, including insurance through eCommerce.
- (3) GWP for non-life insurance, APE for life insurance.
- (4) GTV means Gross Transaction Value.

Mobile devices are becoming increasingly accessible and affordable in our markets. Consumers are becoming increasingly more skilled at using digital devices, with more than 60% of smartphone users having purchased a product or service online in 2020. The mobile internet penetration rate for Southeast Asia was 55% in 2021, and the smartphone penetration rate in our markets is expected to reach more than 90% by 2030. As a result of these changes, contemporary life insurance customers in Asia expect a typical customer journey to be “mobile-first” and digital, and have higher expectations for seamless customer experience, easy-to-understand products and competitive pricing.

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Technology enablement of traditional distribution channels

Digitalisation is transforming traditional distribution channels, such as agency and bancassurance, through the development of digital tools. For example, agents use social media to complement their network and improve their lead generation capabilities, and with the growing popularity of internet and mobile banking, bank staff can capture leads and acquire customers digitally to complement their branch network. Customer relationship management tools and automated processing tools can improve agents' productivity by enabling them to serve customers remotely and more efficiently. Propensity modelling improves customer retention rates by allowing agents to engage in proactive retention activities. Customer relationship management tools can also increase cross-selling and up-selling opportunities by managing customers' lifecycle.

Adoption of ecosystem models to broaden customer access

Digital ecosystems are emerging as modern distribution channels and key growth engines for life insurers in Asia. While agency and bancassurance are expected to remain important distribution channels in the next five years, ecosystem partnerships will also play a key role in distribution.

A common type of digital ecosystem adopted by life insurance companies is the digital marketplace model, where insurance companies collaborate with eCommerce partners to broaden customer access and leverage their infrastructure. The digital marketplace model focuses on customer acquisition. Customers have a one-stop shop for a broad range of products, including insurance, and are able to easily complete insurance transactions through eCommerce portals. By seeking to improve policyholders' health and well-being, insurers can reduce the amount and frequency of claims.

Compared to the traditional distribution channels, digital ecosystems provide greater customer engagement and acquisition opportunities. They allow digital insurers to leverage technology, data and analytics to build ecosystem partnerships to access hundreds of millions of previously untapped customers across Asia. Life insurance companies are also able to derive superior lifetime value from policyholders and increase cross-sell and up-sell potential as a result of higher levels of customer engagement.

Omni-channel model with human touch

With the rapid development of the digital economy, millennials are increasingly turning to digital channels to research and purchase life insurance, and 42% of millennials in our markets expressed trust in digital channels to research life insurance. Consumers' increasing preference for digital channels provides insurers with the opportunity to offer seamless customer journeys with simplified purchase processes, customised products and pricing, enhanced customer engagement and streamlined claims processes.

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88% of consumers across all ages still prefer to have some form of human contact during the sales process, with 56% of millennials (aged below 40), 49% of Gen X (aged between 40 and 60) and 40% of Baby Boomers (aged over 60) preferring to purchase life insurance through digital channels.

Given the diverging preferences for engagement by customers of different ages and the general preference for some level of human contact, omni-channels, involving both an online and in-person component that can adapt to consumers' preferences, are becoming increasingly important.

Digitalisation of back-end processing and customer servicing

The increased adoption of automation and AI has led to higher customer expectations for experience and productivity. Processes can be automated to provide instant services that are available at all times while also increasing cost efficiency and enabling insurance companies to build scalable, agile and efficient platforms. Process automation is regarded by insurance companies as a priority for their digital investments. By simplifying and automating various processes, operating and cost efficiencies can be significantly improved. For example, AI-enabled chatbots are utilised for customer services to increase the speed and efficiency of these services. AI-enabled chatbots can interact with customers around the clock, enhancing customer experience across the marketing, distribution and claim processes. Automation has also been adopted in the marketing, underwriting, and claims processes.

Data analytics and the application of AI will have positive impacts across the life insurance value chain by increasing efficiency and reducing operating costs. For example, data analytics and AI enable life insurance companies to fulfil the needs of more customers during the marketing, sales and distribution processes through automated and targeted marketing campaigns, automated triage processes that match customers with the most suitable distribution channel and AI-supported financial analysis and advice. AI also simplifies and expedites the underwriting process by adopting AI-supported adaptive underwriting questionnaires that only ask necessary questions and augmenting information derived from the questionnaires with external datasets. AI also allows insurance companies to analyse customers' requirements early on to create customised products quickly and offer dynamic pricing. Automated risk-profiling improves customer retention rates and increases cross-sell and up-sell opportunities.

Digital infrastructure

A modern enterprise architecture is essential for digital-first insurers to understand customers' needs, deliver innovative propositions and improve cost efficiencies. While most life insurance companies have made significant investments in developing applications and tools to improve the customer experience, many large insurance companies are not able to utilise these tools effectively in and across different jurisdictions in Asia due to their legacy systems and outdated data structures.

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The key component for companies that are to be regarded as leaders in digital-first transformation is their establishment of common data models for use throughout their entire business so that data can be consolidated into a centralised source. The development of digital infrastructure is essential to digitalising the customer journey, utilising customer data and integrating processes and systems to offer customers the omni-channel experience. With an open modular architecture, scalable and real-time changes can be made to individual modules without interrupting the whole application, and applications can be seamlessly integrated. Centralised data can be utilised to derive comprehensive customer profiles across all products and services to improve cost efficiencies and offer more relevant customer propositions quickly.

There are significant growth opportunities for tech-enabled players operating at scale.

Dynamic Pan-Asian Life Insurance Landscape

There are substantial growth opportunities for innovative life insurance companies that have achieved scale, particularly in Southeast Asia.

The life insurance sector is generally characterised by high capital requirements, with significant advantages to achieving and operating at scale, which also present significant barriers to entry. While there have been a number of genuine new entrants (i.e. not through the acquisition of an existing life insurer) since 2015 within the FWD markets (including Bowtie Life, St James' Place International and Well Link Life in Hong Kong, China Taiping and Singlife (pre-Aviva merger) in Singapore, 1CISP and Singlife in Philippines, China Life and Ciputra Life and Victoria Life in Indonesia), none have reached more than 2% market share and most are sub-scale at less than 0.5%. We have observed that new entrants tend to enter the market in niche market segments; in general, absent of significant capital investment and inorganic growth, new entrants typically require a significant amount of time to build up competitive distribution channels and capabilities; historical experience suggests growing into the top 10 market share organically is both challenging and time consuming.

As illustrated in the following chart, growth for the leading life insurance companies in terms of market share has lagged compared with the emerging insurtech companies, which, while enjoying rapid growth, have yet to gain enough market share to take advantage of the benefits of the omni-channel model. Wherever life insurance companies in Asia remain constrained by traditional business models, companies that are successful in their transformation are particularly well-positioned to capture growth opportunities. In addition, with the rapid growth of the life insurance market in Asia, aside from capturing and retaining existing customers, there are significant opportunities for expansion offered by currently untapped and underserved customers.

Digital-first advantage

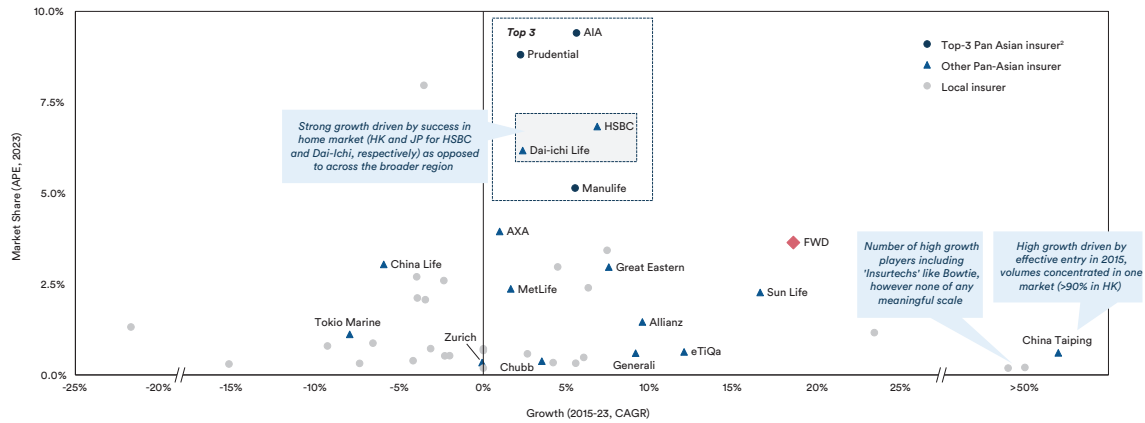
The emergence of digitally native customers, together with the growth of the digital economy, is driving the transformation of life insurance companies to digital-first insurers. Digitally native customers are those that have been brought up in the digital age who are familiar and comfortable with smartphones, computers and the internet. Digital-first insurers can enhance the customer experience by gaining a deeper understanding of customers through data collection, transforming the traditional distribution channels and building ecosystems to broaden customer propositions.

A true digital-first life insurance company recognises digitalisation as the core of future growth, invests in digitalisation deliberately and strategically, and emphasises the development of data and digital infrastructure. Digital-first life insurance companies have the following core capabilities and culture: in terms of customer experience, digital-first insurers adopt a customer-centric approach that permeates across the life insurance value chain. In terms of platforms and ecosystems, they focus on both developing traditional distribution channels such as bancassurance and agency and building multi-channel ecosystems for future partnerships. They have an underlying infrastructure that supports easy integration with different partners across various markets. In terms of digital infrastructure, they have invested strategically early on to establish an integrated infrastructure for data across their businesses in different markets.

Insurers have been investing heavily in digitalisation with a central focus on customer acquisition by building new distribution channels and developing corresponding products, digitising the application process and developing tools to facilitate automated marketing, underwriting and claim management. However, such investments can be slower to pay off without transforming the underlying infrastructure, and as a result, many insurers in the Asia region are still far from being true digital-first insurers. In particular, insurers are often restricted in their digital transformation efforts due to the cost, challenges and complexities associated with transforming a myriad of legacy systems.

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Competitor Market Share and Growth across FWD Markets – Individual Life Insurance New Sales (APE¹, 2023)



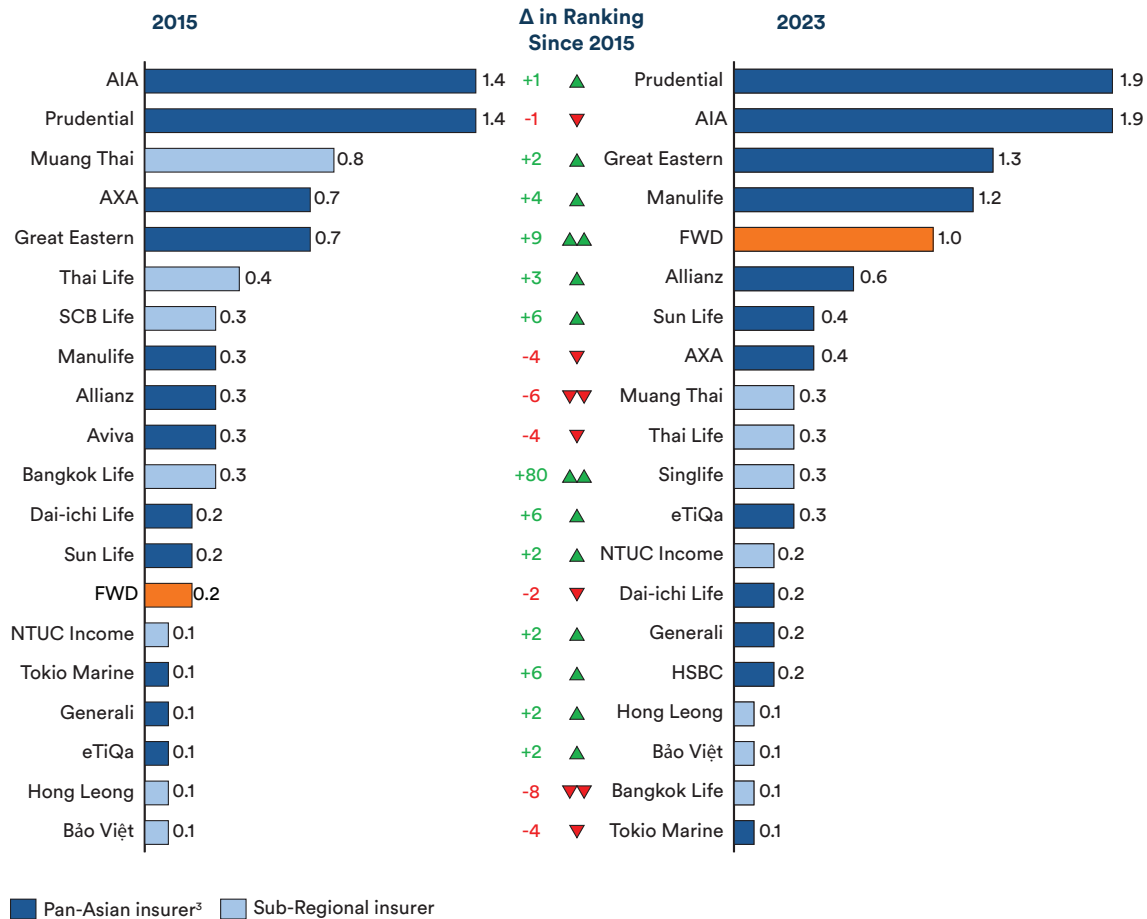
Source: NMG Asia Life Insurance Market Model

- (1) Using static FX rates as at 30 June 2023.
- (2) Pan-Asian insurer is defined as a life insurer competing in three or more FWD markets (and where an insurer is grouped to its ultimate shareholder if ownership stake is greater than 40%).

As illustrated in the following chart, the competitive landscape of Southeast Asia's life insurance industry has changed dramatically in a short period of time. In terms of ranking by APE in our Southeast Asia markets (comprising Thailand (and Cambodia), Philippines, Indonesia, Singapore, Vietnam and Malaysia), we are estimated to have grown from fourteenth place in 2015 to fifth place in 2023, making us the fastest-growing Pan-Asian life insurer in that period.

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Insurers Across Southeast Asia Markets¹ by Individual New Business (APE², 2023, US\$ billions)



Source: NMG Asia Life Insurance Market Model

- (1) Southeast Asia markets include Thailand (and Cambodia), the Philippines, Indonesia, Singapore, Vietnam, and Malaysia.
- (2) Using local market convention for APE, using static FX rates as at 30 June 2023.
- (3) Pan-Asian insurer is defined as a life insurer competing in three or more FWD markets, and Sub-Regional insurer is defined as an insurer competing in two or fewer FWD markets (and where an insurer is grouped to its ultimate shareholder if ownership stake is greater than 40%).

As illustrated in the following data tables, on an APE basis, FWD's ranking and market share within each of its operating markets was tenth and 4% in Hong Kong (and Macau), second and 18% in Thailand, seventh and 2% in Cambodia, twentieth and 1% in Japan, ninth and 2% in Malaysia, seventh and 7% in Vietnam, fourth and 9% in Indonesia, eighth and 2% in Singapore, as well as fourth and 8% in the Philippines.

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Individual Life Insurance Market Share Rankings Across FWD Markets (APE¹, 2023)

All FWD Markets	
Competitor	Market Share
AIA	9.4%
Prudential	8.8%
Nippon Life	8.0%
HSBC	6.8%
Dai-ichi Life	6.2%
Manulife	5.1%
AXA	3.9%
FWD #8	3.6%
BOC LIFE	3.4%
China Life	3.0%
Other	41.6%

Hong Kong & Macau	
Competitor	Market Share
HSBC	20.3%
AIA	16.0%
Prudential	14.1%
BOC LIFE	10.8%
China Life	9.5%
Manulife	6.2%
AXA	4.9%
Sun Life	4.0%
CTF Life	3.7%
FWD #10	3.6%
Other	7.0%

Thailand	
Competitor	Market Share
AIA	23.3%
FWD #2	17.7%
Muang Thai	11.1%
Thai Life	10.1%
Prudential	6.6%
AXA	6.5%
Allianz	5.5%
Bangkok Life	4.5%
Thai Samsung	1.5%
Tokio Marine	1.4%
Other	11.8%

Cambodia	
Competitor	Market Share
Prudential	35.8%
Manulife	21.0%
AIA	16.5%
Dai-ichi Life	9.8%
Sovannaphum	9.4%
eTiQa	2.8%
FWD #7	1.8%
Phillip	1.2%
Forte Life	0.9%
Fortune Life	0.5%
Other	0.3%

Japan	
Competitor	Market Share
Nippon Life	20.6%
Dai-ichi Life	14.8%
Taiyo Life	7.7%
Mitsui Sumitomo	6.7%
PFI	6.7%
Sony Life	6.2%
MetLife	5.9%
Meiji Yasuda Life	5.5%
Sumitomo Life	5.3%
AXA	3.6%
FWD #20	0.7%
Other	16.4%

Malaysia ²	
Competitor	Market Share
Great Eastern	20.8%
Prudential	20.4%
AIA	18.0%
eTiQa	9.3%
Allianz	7.6%
Hong Leong	7.3%
Sun Life	4.2%
Tokio Marine	2.4%
FWD #9	2.0%
Zurich	1.9%
Other	6.0%

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Vietnam

Competitor	Market Share
Prudential	17.5%
Dai-ichi Life	13.5%
Manulife	13.1%
Bảo Việt	12.3%
Sun Life	7.6%
AIA	7.1%
FWD #7	6.9%
MB Ageas	4.7%
Generali	4.6%
Chubb	3.4%
Other	9.4%

Indonesia

Competitor	Market Share
Allianz	14.4%
Prudential	13.7%
AXA	10.0%
FWD⁵ #4	8.9%
Manulife	7.5%
AIA	6.6%
Capital Life	5.2%
Generali	3.8%
SIMAS JIWA	3.4%
Mitsui Sumitomo	3.0%
Other	23.4%

Singapore

Competitor	Market Share
Great Eastern	22.8%
Manulife	21.4%
Prudential	17.0%
AIA	13.1%
Singlife	7.8%
NTUC Income	5.7%
HSBC	4.5%
FWD #8	1.7%
Utmost	1.4%
eTiQa	1.4%
Other	3.2%

Philippines

Competitor	Market Share
Sun Life	19.3%
Prudential	17.1%
AIA	9.1%
FWD #4	7.5%
BDO	6.7%
Manulife	6.5%
Insular	6.0%
Allianz	5.4%
AXA	5.1%
eTiQa	3.3%
Other	14.0%

■ Pan-Asian insurer⁴

■ Sub-Regional insurer

Source: NMG Asia Life Insurance Market Model

- (1) Using static FX rates as at 30 June 2023.
- (2) Includes conventional life insurance and takaful.
- (3) Includes BRI Life.
- (4) Pan-Asian insurer is defined as a life insurer competing in three or more FWD markets, and Sub-Regional insurer is defined as an insurer competing in two or fewer FWD markets (and where an insurer is grouped to its ultimate shareholder if ownership stake is greater than 40%).

Bancassurance has been a very successful channel given industry adjacency and customer access advantage. In the Southeast Asia bancassurance individual new business market, FWD's ranking and market share was first and 14.1%. FWD's ranking and market share within each of its operating markets was first and 32.8% in Thailand, second and 13.9% in Indonesia (first on an aggregate individual and group bancassurance basis), third and 14.4% in Vietnam, fourth and 11.8% in the Philippines, as well as tenth and 2.4% in Malaysia.

INDUSTRY OVERVIEW

Bancassurance Market Share Rankings Across Southeast Asia Markets (Individual APE¹, 2023)

Total Southeast Asia Markets ²	
Competitor	Market Share
FWD #1	14.1%
Prudential	13.5%
Manulife	13.1%
AIA	8.3%
Great Eastern	7.9%
AXA	5.4%
Allianz	4.8%
Muang Thai	4.3%
eTiQa	4.2%
Sun Life	4.0%
Other	20.4%

Thailand

Competitor	Market Share
FWD #1	32.8%
Muang Thai	15.5%
Prudential	14.4%
AIA	7.4%
Bangkok Life	7.1%
AXA	6.6%
Allianz	5.3%
Thai Life	5.2%
DLA	2.5%
Generali	2.0%
Other	1.2%

Indonesia

Competitor	Market Share
AXA	17.3%
FWD³ #2	13.9%
AIA	10.8%
Allianz	9.2%
Manulife	8.7%
Capital Life	6.2%
SIMAS JIWA	5.2%
Sun Life	4.6%
BNI LIFE INSURANCE	4.5%
Astra	4.3%
Other	15.3%

INDUSTRY OVERVIEW

Vietnam

Competitor	Market Share
Dai-ichi Life	16.1%
Manulife	15.6%
FWD #3	14.4%
Prudential	13.8%
Sun Life	12.1%
MB Ageas	10.1%
AIA	7.3%
Generali	4.4%
MetLife	3.1%
Mirae Asset Prevoir	1.5%
Other	1.7%

Philippines

Competitor	Market Share
AIA	17.1%
BDO Life Assurance	17.0%
Allianz	12.5%
FWD #4	11.8%
Sun Life	8.2%
Ageas	7.6%
Insular Life Assurance	7.3%
Manulife	6.3%
AXA	6.1%
eTiQa	5.6%
Other	0.6%

Malaysia

Competitor	Market Share
eTiQa	24.1%
Prudential	20.8%
Sun Life	11.3%
AIA	10.5%
Hong Leong	7.6%
Great Eastern	6.2%
Allianz	6.0%
Tokio Marine	4.4%
STMB	2.7%
FWD #10	2.4%
Other	3.8%

Singapore

Competitor	Market Share
Manulife	37.8%
Great Eastern	26.4%
Prudential	19.4%
HSBC	4.2%
AIA	4.2%
Singlife	4.1%
eTiQa	2.9%
NTUC Income	0.6%
China Life	0.2%
China Taiping	0.2%
Other	0.0%

■ Pan-Asian insurer⁴ ■ Sub-Regional insurer

Source: NMG Asia Life Insurance Market Model

- (1) Using static FX rates as at 30 June 2023.
- (2) Excludes Cambodia given immateriality.
- (3) Includes BRI Life.
- (4) Pan-Asian insurer is defined as a life insurer competing in three or more FWD markets, and Sub-Regional insurer is defined as an insurer competing in two or fewer FWD markets (and where an insurer is grouped to its ultimate shareholder if ownership stake is greater than 40%).

REGULATORY OVERVIEW AND TAXATION

A. REGULATORY OVERVIEW

The following is a brief summary of the key laws and regulations applicable to our operations in Hong Kong (and Macau), Thailand, Japan, the Philippines, Indonesia, Singapore, Vietnam and Malaysia, Bermuda and the Cayman Islands that currently may materially affect the Group and its operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to the Group. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of the Group and/or which may be important to potential investors. Investors should note that the following summary is based on the laws and regulations in force as at the date of this prospectus, which may be subject to change.

New laws and regulations applicable to our Group and its operations may be introduced or become effective in the future, and their impact on the Group may continue to evolve. The Group and the Directors continuously monitor potential and future regulatory changes in the ordinary course, to examine their impact on the Group and to ensure that the Group is able to comply with such changes when they are implemented.

Laws and Regulations Relating to the Group's Business and Operations in Hong Kong

Overview

The main source of statutory regulation of the insurance industry in Hong Kong is the Insurance Ordinance (the “IO”) and its subsidiary legislation, which set out requirements for the licensing, ongoing compliance and reporting obligations of insurers and insurance intermediaries.

The HKIA is the statutory body which administers the IO. The principal function of the HKIA is to regulate and supervise the insurance industry for the promotion of the general stability of the industry and for the protection of existing and potential policyholders. The HKIA regulates the Hong Kong authorised insurers. In addition to regulation by the HKIA, the Hong Kong authorised insurers are members of the Hong Kong Federation of Insurers (“HKFI”), an industry body that has issued a code of practice that is binding on its members in relation to, among other things, the management of insurance agents and advising and selling practices.

The HKIA designated FWD Management Holdings as the designated insurance holding company of the Group on 14 May 2021, following which the Group has become subject to additional capital, solvency, regulatory reporting, public disclosure and intervention measures as may be imposed under the GWS framework. See “– Framework for group-wide supervision of certain insurance groups” in this section.

REGULATORY OVERVIEW AND TAXATION

Certain types of products and services offered by the Group in Hong Kong are regulated under separate statutory regimes by regulatory bodies other than the HKIA. These include products and services regulated under the Mandatory Provident Fund Schemes Ordinance (“**MPFSO**”), administered by the Mandatory Provident Fund Schemes Authority (“**MPFA**”), and the Hong Kong Securities and Futures Ordinance (“**SFO**”), administered by the Securities and Futures Commission (“**SFC**”). See “– *Regulation under the MPFSO*,” “– *Regulation under the SFO*” and “– *Publicly offered investment products*” in this section.

Licences held by FWD in Hong Kong

The Group is authorised to carry on insurance business in Hong Kong through its subsidiaries that are Hong Kong authorised insurers. The Hong Kong authorised insurers are authorised to carry on certain classes of long-term business in or from Hong Kong. In addition, FWD Financial Planning is a licensed insurance broker and FWD Financial Limited is a licensed insurance agency. In relation to the Group’s MPFSO retirement scheme business in Hong Kong, FWD Life (Bermuda) and FWD Financial Planning are registered MPFSO principal intermediaries. FWD Financial Planning is a licensed corporation under the SFO, in relation to dealing in securities and advising on securities. In addition, FWD Life (Bermuda) and FWD Life (Hong Kong) are the issuers of investment-linked assurance schemes authorised by the SFC.

Authorisation for an insurance business under the IO

Companies carrying on an insurance business in or from Hong Kong must obtain authorisation from the HKIA. Authorisation will be granted only to insurers meeting certain requirements set out in section 8 of the IO, which focuses on, among other things: (i) paid-up capital; (ii) solvency margin; (iii) fitness and properness of directors and controllers; and (iv) adequacy of reinsurance arrangements.

Other requirements that the HKIA will take into account when considering whether to authorise an insurer are specified in guidelines issued by the HKIA from time to time. The requirements for authorisation are ongoing and continue to apply to an insurer after becoming authorised.

The Insurance (Amendment) Ordinance 2023 came into operation on 1 July 2024 (the “**Amendment Ordinance**”). Section 3B of the IO, as amended by the Amendment Ordinance (the “**Amended IO**”), empowers HKIA to designate a non-Hong Kong insurer as a designated insurer. HKIA considers FWD Life (Bermuda) carries on a majority of its insurance business in or from Hong Kong. In a letter issued by HKIA to FWD Life (Bermuda) on 10 May 2024, FWD Life (Bermuda) was designated by HKIA as a designated insurer with effect from 1 July 2024.

As FWD Life (Bermuda) has become a designated insurer, the separate account and fund requirements are to be determined based on the entire legal entity in accordance with sections 21B(2) and (3) and 25AA(2) of the Amended IO. FWD Life (Bermuda) is required to obtain approval from HKIA before a person may become a shareholder controller or a

director. In addition, the scope of responsibility of controllers and key person in control functions and appointed actuaries would be expanded to cover the business of FWD Life (Bermuda) as a whole, rather than merely relating to the business in Hong Kong operations. To provide a smooth transition for the designation, persons who were the controllers, shareholder controllers, directors, key person in control functions and appointed actuaries immediately prior to the designation took effect continued to assume their respective positions in FWD Life (Bermuda) and their appointments were taken as approved by HKIA on 1 July 2024.

The RBC regime and capital requirements

Pursuant to the introduction of the Amended IO and its subsidiary legislation, on 1 July 2024, a RBC regime commenced for authorised insurers in Hong Kong. The RBC regime in Hong Kong replaced a rule-based regime with a risk-based approach aligned with international regulatory requirements. The main provisions of the Amendment Ordinance are the amendments to IO made for implementing the RBC regime, which include providing the legal basis for implementing the Pillar 1 and Pillar 3 requirements under the RBC regime and empowering HKIA to prescribe the detailed requirements by way of subsidiary legislation. Under the RBC regime, an insurer's capital adequacy is assessed with reference to the risk profile of the underwritten business of the insurer. Each of FWD Life (Bermuda), FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong) adopted the RBC regime early in 2022 prior to its commencement.

Pursuant to sections 8(3)(a) and 8(3)(b) of the Amended IO, an insurer carrying on long-term business and general business must comply with the capital requirements imposed by the HKIA on the insurer and that, having regard to the nature and scale of the insurer's operation, the insurer must have adequate capital to enable its continued compliance with the capital requirements for the insurer. Pursuant to sections 10(2) and 129(1) of the Amended IO, the HKIA has made the Insurance (Valuation and Capital) Rules (the "**Valuation and Capital Rules**"), which came into effect on 1 July 2024. Pursuant to section 5 of the Valuation and Capital Rules, an insurer must ensure that at all times, its capital base is not less than each of:

- (i) the prescribed capital amount of the insurer as determined in accordance with Part 5 of the Valuation and Capital Rules;
- (ii) the minimum capital amount of the insurer, which is 50% of the prescribed capital amount calculated in paragraph (i) above; and
- (iii) HK\$20 million,

subject to any variation or relaxation of such requirements by the HKIA pursuant to sections 10(3) or 130(1) of the Amended IO.

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Pursuant to section 35AA of the Amended IO, if the HKIA is of the opinion that the insurer's amount of capital and minimum capital amount are less than the prescribed amounts under the Valuation and Capital Rules, the HKIA may, by written notice served on the insurer, require the insurer to submit a proposed restoration plan or financial scheme to the HKIA for approval and to give effect to such plan or scheme upon the HKIA's approval of such plan or scheme.

See *"Risk Factors – Risks Relating to our Business – New solvency standards may affect our capital position"*.

Fit and proper directors and controllers

Section 8(2) of the IO provides that the HKIA must not authorise an applicant company as an insurer if it appears to the HKIA that any person who is a director or controller of the company is not a fit and proper person to hold such position. Section 9 of the IO defines an insurer's controllers as including, among others, a managing director of the insurer or its holding company, a chief executive officer of the insurer or its holding company (if the holding company is also an insurer), a person in accordance with whose directions or instructions the directors of the insurer or its corporate parent are accustomed to act or who, alone or with any associate or through a nominee, is entitled to exercise, or control the exercise of, 15% or more of the voting power at any general meeting of the insurer or its holding company.

After obtaining authorisation, an insurer is required to comply with sections 13A, 13AC, 13AE, 13B, 14, 15AAAB and 15B of the Amended IO in respect of any appointments of, or changes in, its controllers, shareholder controllers, directors, key persons in control functions and if the insurer carries on long-term business, appointed actuary. Matters under these provisions of the Amended IO require the HKIA's approval.

Pursuant to section 14A of the Amended IO, the HKIA must have regard to specified matters in determining whether a person is a fit and proper person for the purposes of sections 8, 8A, 13A, 13AC, 13AE, 13B, 13BA, 14, 15AAAB and 15AABA of the Amended IO. In addition, the HKIA has issued a guideline which sets out the minimum standards of suitability that are applicable to certain persons occupying specific positions in relation to an authorised insurer and the general guiding principles of the HKIA in assessing fitness and properness. The factors that the HKIA will have regard to include the individuals' financial status, character, reputation, integrity, reliability, education, qualifications and experience regarding the functions to be performed by such director or controller and ability to perform such functions competently, efficiently, honestly and fairly and any disciplinary action that has been taken against the individuals.

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In the case of authorised insurers belonging to a group of companies, the HKIA will, when considering fitness and properness, take into consideration any information in the HKIA's possession relating to any other company in the group of companies or any substantial shareholder or officer of the person or another company in the group of companies.

The HKIA will take into account certain facts in applying the "fit and proper" test to the Hong Kong authorised insurers and their controllers (as defined under section 9 and 13A of the Amended IO, as the case may be) and shareholder controllers (as defined under section 2(1) of the Amended IO), including, but not limited to, whether the person:

- (i) has financial integrity, e.g., whether the accounts of the body corporate display a financially sound and stable position;
- (ii) (where the person is a majority (and if appropriate, minority) shareholder controller approved by the HKIA under 13B(1) of the Amended IO) has sufficient financial resources to acquire or support the operations of the insurer and whether the business plan for the insurer is realistic and viable;
- (iii) is subject to receivership, administration, liquidation or other similar proceedings;
- (iv) has been refused or restricted from the right to carry on any trade, business or profession by any regulatory authority in Hong Kong or elsewhere;
- (v) has been censured, disciplined or publicly criticised by any regulatory authority in Hong Kong or elsewhere;
- (vi) has been the subject of an investigation conducted by any regulatory authority in Hong Kong or elsewhere; or
- (vii) was a controller or director of a body corporate or insurer, in Hong Kong or elsewhere, which has been compulsorily wound up or made any compromise or arrangement with its creditors or ceased trading in circumstances where its creditors did not receive or have not yet received full settlement of their claims, either whilst the body corporate concerned was a controller or director or within one year after the body corporate concerned ceased to be such a controller or director.

The HKIA is empowered by the IO to raise an objection if it appears to it that any person is not fit and proper to be a controller or director of an authorised insurer. The HKIA is also empowered by the IO to exercise the disciplinary powers set out under section 41P of the IO (such as the revocation or suspension of authorisation of the insurer) if it is of the opinion that a person who holds (or held) the position of a director or controller of the insurer is not (or was not) a fit and proper person to hold that position.

Adequate reinsurance arrangements

Section 8(3)(c) of the IO requires an insurer to have adequate reinsurance arrangements in respect of its insurance business unless it is justified otherwise. The HKIA has issued a guideline that sets out the general guiding principles of the HKIA in assessing the adequacy of the reinsurance arrangements of an insurer. In considering the adequacy of an authorised insurer's reinsurance arrangements, the HKIA will generally take into account, among other things, the following factors: the reinsurance management framework of the insurer; the type of reinsurance arrangements; the maximum retention of the insurer; the spread of risks among reinsurers; and the security of reinsurers.

With regard to the spread of risks among reinsurers, the HKIA considers that additional risks arise where a reinsurer is a related company of the insurer. The HKIA has issued a guideline which sets out the criteria to be used in determining the adequacy of such arrangements. The HKIA will consider a related reinsurer to have provided adequate security if any of the following requirements is met:

- (i) the particular reinsurer is an authorised insurer in Hong Kong;
- (ii) the particular reinsurer or any one of its holding companies has an Insurer Financial Strength Rating of AA- or above by Standard & Poor's, Aa3 or above by Moody's or A+ or above by A.M. Best or equivalent rating; or
- (iii) the particular reinsurer or any one of its holding companies is otherwise considered by the HKIA as having a status comparable to the above.

In the event that none of these requirements is met by a related reinsurer, the HKIA will restrict the amount of net reinsurance it deems recoverable from that reinsurer when assessing the ceding party's financial position, unless it determines that acceptable collateral security, such as an irrevocable and permanently renewable letter of credit, is in place in respect of the arrangement with that reinsurer.

Maintenance of separate accounts and funds in respect of long-term business

Sections 21B to 23 of the Amended IO require insurers carrying on long-term business to keep separate accounts and a separate fund for each of Class C (linked long term), Class G (retirement scheme management category I), Class H (retirement scheme management category II) and the remaining classes of long term business (i.e., Class A, Class B, Class D, Class E, Class F and Class I) and that within the fund maintained for the remaining classes of long term business (i.e., Class A, Class B, Class D, Class E, Class F and Class I), the insurer must maintain at least one separate account and one separate sub-fund for the part of the specified business that is a long-term business in relation to which a policy holder has a right to receive, at the discretion of the insurer, a financial benefit that is determined based on a profit sharing mechanism as a share of the insurer's profits in respect of the insurer's business or a part of the insurer's business.

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The HKIA has also issued a guideline on reserve provisioning for Class G of long-term business (as defined under Schedule 1 Part 2 of the IO) to reinforce and enhance the required standard of provision for Class G business of long-term business. Policies classified under Class G of long-term business are mainly offered as retirement scheme contracts which provide for a guaranteed capital or return under MPF schemes and ORSO schemes.

Accounting and reporting requirements

The IO requires insurers to maintain proper books of accounts which must sufficiently exhibit and explain all transactions entered into by the insurer in the course of any business carried on by the insurer. Insurers must submit information including audited financial statements, a directors' report and statistics relating to the valuation of their insurance business and outstanding claims to the HKIA on an annual basis.

An insurer carrying on long-term business is also required to submit annually an actuarial investigation report. The appointed actuary is responsible for advising on all actuarial aspects of the financial management of an insurer's long-term business including proper premium setting, a prudent reserving policy, a suitable investment allocation, appropriate reinsurance arrangements and due reporting of irregularities to the HKIA.

Corporate governance of authorised insurers

The HKIA has issued a guideline on the corporate governance of authorised insurers, which sets out the minimum standard of corporate governance that is expected of an authorised insurer and the general guiding principles of the HKIA in assessing the effectiveness of an insurer's corporate governance arrangements. This guideline applies to both (i) authorised insurers incorporated in Hong Kong (such as FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong)) and (ii) authorised insurers incorporated outside Hong Kong where 50% or more of their annual gross premium income pertains to their Hong Kong insurance business (such as FWD Life (Bermuda)), unless written consent for exemption has been obtained from the HKIA. No such written consent for exemption has been obtained from the HKIA by FWD Life (Bermuda). The guideline covers governance structure, roles and responsibilities of the board of directors, board matters, board committees, risk management and internal control systems, remuneration matters and servicing of clients.

Irrespective of the proportion of an overseas-incorporated insurer's Hong Kong insurance business, the HKIA expects such an insurer to observe strictly any applicable guidelines on corporate governance promulgated by its home regulatory authority.

Asset management

In order to ensure that an insurer will meet its contractual liabilities to policyholders, the HKIA requires that an insurer's assets are managed in a sound and prudent manner, taking into account the profile of liabilities held by the insurer and the risk-return profile of the insurer. The HKIA has issued a guideline on asset management by authorised insurers, which

REGULATORY OVERVIEW AND TAXATION

applies to both an insurer incorporated in Hong Kong (such as FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong)) and the Hong Kong branch of an insurer incorporated outside Hong Kong whose investment in financial assets exceeds HK\$100 million. This guideline provides a checklist for assessing how insurers should control the risks associated with their investment activities and includes guidance and commentary on the investment process, policy and procedures; the investment mandate given by the board of directors to senior management; and monitoring and control (including risk management functions, internal controls and audit).

In order to assess how insurers control the risks associated with their investment activities, the HKIA may periodically request information from insurers, including accessing information through on-site inspections and discussion with insurers.

Powers of intervention

The HKIA is empowered under Part V of the IO to intervene in an insurer's business and take appropriate actions in (among others) the following circumstances:

- (i) where the HKIA considers that the exercise of this power is desirable for protecting policyholders or potential policyholders of the insurer against the risk that the insurer may be unable to meet its liabilities or to fulfil the reasonable expectations of policyholders or potential policyholders;
- (ii) where it appears to the HKIA that the insurer or, in limited circumstances, its holding company has failed to satisfy any of its obligations under the IO;
- (iii) where it appears to the HKIA that the insurer has provided misleading or inaccurate information to it for the purposes of the IO;
- (iv) where the HKIA is not satisfied as to the adequacy of the insurer's reinsurance arrangements;
- (v) where the HKIA is not satisfied with the financial condition of the insurer or its compliance position with the prescribed regulatory benchmark or requirements in respect of, among other things, its assets and liabilities matching position, reserving level or financial protections;
- (vi) where there exists one of the specified grounds on which the HKIA would be prohibited from authorising the insurer if it were to make an application for authorisation (including where the insurer's directors and controllers fail any "fitness and properness" requirement); or
- (vii) where it appears to the HKIA that the circumstance described in section 35AA(1) or (2) of the IO exists (i.e., the insurer has failed to maintain the required excess of the value of its assets over the amount of its liabilities).

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The HKIA may also intervene in an insurer's business, whether or not any of the above circumstances exist, at any time during the five-year period following authorisation of the insurer or a person becoming a controller of an insurer.

The actions that the HKIA may take in intervening in an insurer's business include:

- (i) restrictions on the insurer effecting new business;
- (ii) restrictions on types of investments an insurer may make, or requirements that the insurer realises certain types of investments within a specified period;
- (iii) requirements that an insurer maintain assets in Hong Kong equal to the whole or a specified portion of the liabilities arising from its Hong Kong business, and that these assets be held in the custody of a trustee approved by the HKIA;
- (iv) requirements that an insurer takes steps to limit the premium income it receives during a specified period to a specified amount in respect of certain classes of business; and
- (v) requirements that the insurer conducts a special actuarial investigation on its long-term business to produce information and documents and requirements that the insurer accelerates its submission to the HKIA of financial reports and actuarial investigations and other specified documents.

In addition, under certain specified circumstances, the HKIA may direct that a manager is appointed to assume control of an insurer.

Letters of Undertaking

To replace certain obligations under section 35 orders issued by the HKIA dated 7 November 2008 and 1 March 2013 on directors to an authorised insurer to take such action in respect of its affairs, business or property the HKIA considers appropriate, FWD Life (Bermuda) entered into a Letter of Undertaking dated 3 June 2024 (the “**Letter of Undertaking**”). The HKIA may take into account any failure to comply with the requirements stipulated in such letters in considering whether or not to exercise its intervention powers under the IO or take disciplinary action against the insurer under the IO. The HKIA may also take into account any non-compliance with such requirements in determining matters such as the fitness and properness of controllers and directors on an on-going basis.

The Letter of Undertaking, among other things, requires FWD Life (Bermuda) to:

- (i) notify the HKIA immediately and obtain financial support from shareholders in the event the solvency ratio falls below the prescribed capital amount;

REGULATORY OVERVIEW AND TAXATION

- (ii) seek the HKIA's prior written consent before providing guarantees, loans or financial assistance in any form to any person, or allowing encumbrance of any kind to be created on any assets of FWD Life (Bermuda) (except provision of collateral for hedging and liquidity purposes; provision of loans to its licensed insurance agents; and provision of loans to policy holders pursuant to the long term insurance policies);
- (iii) except for normal insurance transactions and certain other exceptions, seek the HKIA's prior written consent before engaging in any transaction with a "specified person" and, for the purpose of this requirement, "specified person" includes but is not limited to the directors, controllers, or group companies of FWD Life (Bermuda); and
- (iv) except for certain exceptions or up to certain limits, seek the HKIA's prior written consent before committing its long term fund for investment.

On 1 November 2024, FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong) entered into similar letters of undertakings with the HKIA as the Letter of Undertaking. Under such letters of undertakings, both FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong) will continue to cease effecting new contracts of insurance as an insurer (as they have since 1 October 2020), including contracts of reinsurance accepted but excluding contracts of reinsurance ceded, in or from Hong Kong, and they shall not recommence any such new insurance business without the HKIA's prior written consent. FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong) were acquired and rebranded by the Group from MetLife, Inc. in 2020 and have since operated in run-off. The cessation of effecting new insurance contracts by such entities does not have any material impact on the Group's business and financial performance. New contracts of insurance in Hong Kong are underwritten by FWD Life (Bermuda).

Payment of dividends

An insurer authorised for long-term business and its holding companies are not permitted to declare dividends to shareholders at any time when the requirements of section 22(3) of the IO relating to any fund or funds maintained by the insurer in respect of its long-term business have ceased to be satisfied.

The Code of Conduct for Insurers ("HK Code of Conduct")

As part of the initiatives taken by the industry, the HKFI has published the HK Code of Conduct, which, among other things, describes the expected standard of good insurance practice in the establishment of insurance contracts and claims settling.

The HK Code of Conduct, which is currently being updated, applies to all general insurance members and life insurance members of the HKFI and applies to insurance effected in Hong Kong by onshore individual policyholders insured in their private capacity

only. As a condition of membership of the HKFI, all general insurance members and life insurance members undertake to abide by the HK Code of Conduct and use their best endeavours to ensure that their staff and insurance agents observe its provisions.

The Insurance Complaints Bureau (“ICB”)

The ICB was inaugurated on 16 January 2018 to supersede The Insurance Claims Complaints Bureau in providing an alternative dispute resolution mechanism to help resolve insurance disputes arising from personal insurance policies. The Insurance Claims Complaints Panel is appointed by the ICB with the objective of providing independent and impartial adjudication of complaints between insurers and their policyholders. The Insurance Claims Complaints Panel handles claims either from policyholders themselves or their beneficiaries and rightful claimants. The Insurance Claims Complaints Panel, in making its rulings, is required to have regard to and act in conformity with the terms of the relevant policy, general principles of good insurance practice, any applicable rule of law or judicial authority; and any codes and guidelines issued from time to time by the HKFI or the ICB. The terms of the policy contract must prevail unless they would, in the view of the Insurance Claims Complaints Panel, produce a result that is unfair and unreasonable to the complainant. Members (including the Hong Kong authorised insurers) agree to comply with and be bound by the ICB’s Terms of Reference and will be bound by any decisions made by the Insurance Claims Complaints Panel.

Cybersecurity

Pursuant to section 133 of the IO, the HKIA has issued a guideline on cybersecurity, which aims to assist authorised insurers to identify and mitigate cyber risks. On 11 December 2024, the HKIA announced its proposed issuance of a revised guideline on cybersecurity, which became effective from 1 January 2025. This revised guideline supersedes the previous version that was effective from 1 January 2020. Similar to the previous version of the guideline, the revised guideline applies to all authorised insurers (except for captive insurers and marine mutual insurers) in relation to the insurance business they carry on in or from Hong Kong. It sets out the minimum standard for cybersecurity that applicable authorised insurers are expected to have in place and the general guiding principles which the HKIA uses in assessing the effectiveness of an insurer’s cybersecurity framework. The guideline, which is not intended to be an exhaustive list of requirements, sets out the general guiding principles for a cybersecurity strategy and framework and covers governance, risk identification assessment and control, continuous monitoring, response and recovery and information sharing and training. Authorised insurers are expected to implement adequate and effective cybersecurity measures which are appropriate and commensurate with the size, nature and complexity of their business. In addition, the revised guideline introduces a new risk-based assessment framework, namely the Cyber Resilience Assessment Framework (the “**CRAF**”). The CRAF consists of three elements:

- (i) Inherent Risk Assessment (IRA), which measures the cyber risk exposure of the insurer;

- (ii) Maturity Assessment (MA), which measures the cyber risk handling maturity level of the insurer; and
- (iii) Threat Intelligence Based Attack (TIBAS), which simulates real-life cyber-attack scenarios to measure the cyber incident response capability of the insurer.

TIBAS is only required if the inherent risk level of the insurer from IRA is medium or high. The CRAF is expected to be performed over a three-year cycle, or upon any major changes to business nature of technologies, or when the HKIA considers it appropriate. The submission deadline of the first assessment is 1 January 2026 for all high inherent risk rating insurers, and 1 July 2026 for all medium and low inherent risk rating insurers.

Establishment and maintenance of fund(s) in respect of participating business

Pursuant to section 133 of the IO, the HKIA has issued a guideline on establishment and maintenance of fund(s) in respect of participating business (GL 34) which sets out the HKIA expectations for sound and prudent business practices in this regard. Areas covered in the new guideline include, among other things, the identification of assets and liabilities, determination of the opening balance, expenses and charges, allocation of distributable surplus/profits, capital support, physical segregation of assets, and submission of independent report by 31 March 2025 in respect of each participating fund.

This new guideline is promulgated in anticipation of the enactment of the Insurance (Amendment) Ordinance 2023 and became effective as of 1 July 2024.

Framework for group-wide supervision of certain insurance groups

Overview and relevance to the Group

Prior to 29 March 2021, the HKIA was our group-wide supervisor as agreed by insurance regulators of our supervisory college. The HKIA performed this function through the use of written undertakings provided by us.

In July 2020, the Legislative Council passed the Insurance (Amendment) (No. 2) Bill 2020 which introduced a framework enabling the HKIA to directly conduct group-wide regulation and supervision of insurance groups where the holding company for the group is incorporated in Hong Kong. The GWS framework is intended to be aligned with the IAIS' standards on group-wide supervision (particularly the Common Framework for the Supervision of Internationally Active Insurance Groups) and to be principles-based and outcomes focused to allow the HKIA to have effective and robust supervisory mechanisms for insurance groups. The GWS framework came into force on 29 March 2021.

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The Group is within the scope of the GWS framework, as described below. The GWS framework is founded upon three pillars:

- (i) pillar one establishes capital requirements (comprising a Group Minimum Capital Requirement (“**GMCR**”) and a Group Prescribed Capital Requirement (“**GPCR**”) which a DIHC would be expected to ensure its insurance group meets;
- (ii) pillar two sets out risk management and governance requirements that a DIHC is expected to apply across the group, including a requirement to carry out a group internal economic capital assessment and an own risk and solvency assessment to assess present and future financial and risk condition of its insurance group; and
- (iii) pillar three sets out disclosure requirements for a DIHC that cover risk and governance matters in relation to its insurance group, as well as certain private reporting obligations to the HKIA.

Designation of the DIHC and the DIHC’s duties and obligations

Under the GWS framework, the HKIA is able to designate an insurance holding company within an insurance group as a DIHC if: (i) the HKIA, in accordance with principles adopted by the IAIS, is appointed as the group supervisor of the insurance group to which the insurance holding company belongs and (ii) the HKIA considers it appropriate for the insurance holding company to be so designated. In general, the obligations and requirements of a DIHC will apply in relation to its supervised group. The HKIA carries out group wide supervision through the control and influence that the DIHC may exercise in relation to its supervised group. The entities which will comprise the “supervised group” will by default comprise the DIHC, all subsidiaries of the DIHC and any other entities that are, according to applicable accounting standards, treated as members of the insurance group to which the DIHC belongs. However, the HKIA is also able, pursuant to section 95D of the IO, to include other entities in the supervised group, which the HKIA considers are closely linked to a default member of the supervised group through any financial, contractual or operational relationship or exclude default members from the supervised group if it considers appropriate.

On 14 May 2021, FWD Management Holdings was designated as the DIHC of the Group. The “supervised group” of the Group comprises our Company, all entities consolidated in our Company’s financial statements and BRI Life. The HKIA may, from time to time, specify other entities to be part of the supervised group as it sees fit.

FWD Management Holdings, as the DIHC, is required to, among other things:

- (i) maintain with its holding company any arrangements specified by the HKIA (to ensure that it is able to comply with the GWS framework);
- (ii) comply with group-wide capital requirements;

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- (iii) establish an enterprise risk management system for its supervised group;
- (iv) establish and implement a corporate governance framework for its supervised group;
- (v) implement effective systems, at the group level, in relation to risk management and internal controls, including effective functions for risk management, compliance, actuarial matters, internal audit and financial control;
- (vi) monitor its supervised group's investment risk exposures on an aggregate basis for the supervised group as a whole and ensure controls are in place to ensure each member in the supervised group meets the qualitative and quantitative investment requirements which apply to it;
- (vii) comply with requirements for disclosure of information in relation to its supervised group, including public disclosures and private disclosures to the HKIA;
- (viii) adopt a sound and responsive framework in formulating and monitoring the outsourcing arrangements for its supervised group and establish a group outsourcing policy to formulate and monitor outsourcing arrangements;
- (ix) ensure that the risks associated with any proposed acquisition to be made by itself or any other member of its supervised group are adequately assessed and to avoid making an acquisition, or allowing an acquisition to be made, that would jeopardise the financial position of the supervised group or prejudice the interests of the policyholders of the supervised group; and
- (x) obtain the HKIA's prior approval before making a major acquisition which is material to the supervised group.

In addition, FWD Management Holdings has agreed with the HKIA to use its best endeavours to appoint and maintain the same directors on its board as on our Board of Directors.

Group Capital Rules

Under the GWS framework, the Insurance (Group Capital) Rules (the “**Group Capital Rules**”) provide for two levels of capital requirements. The GMCR and the GPCR are respectively calculated as the sum of the regulatory minimum capital requirements and prescribed capital requirements which apply to each of the legal entities in the supervised group in the jurisdictions in which they are incorporated or carry on business. The HKIA may vary the minimum capital requirement of a supervised group pursuant to Section 95ZI(2) of the IO. FWD Management Holdings (as the DIHC) is required to ensure that the supervised group's tier 1 group capital is at all times not lower than the GMCR and the sum of tier 1 group

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capital and tier 2 group capital is at all times not lower than the GPCR. Please refer to “– *Laws and Regulations Relating to the Group’s Business and Operations in Hong Kong – Framework for group-wide supervision of certain insurance groups – Designation of the DIHC and the DIHC’s duties and obligations*” in this section for details of the entities comprising the supervised group.

Only eligible group capital resources may be included in the supervised group’s tier 1 group capital or tier 2 group capital. If a supervised group member is a regulated entity, its eligible capital resources are the resources and financial instruments that are eligible to be counted towards satisfying its minimum capital requirement or prescribed capital requirement in the jurisdiction in which it is authorised as a regulated entity. If a supervised group member is a non-regulated entity, its eligible capital resources (and their categorisation into tier 1 (unlimited or limited) or tier 2) is determined based on criteria specified in the Group Capital Rules.

The Group Capital Rules require a DIHC to make periodic private reports to the HKIA on group capital adequacy. It must also notify the HKIA forthwith upon the occurrence of certain matters relating to group capital, including where any of its directors, chief executive or key persons in control function believe it is likely that the DIHC will breach (or has breached) certain group capital requirements, as well as upon the occurrence of certain other specified adverse circumstances. The Group Capital Rules also require a DIHC to make certain periodic public disclosures in relation to its supervised group, including information on its group profile, corporate governance framework, certain financial matters (including in relation to group capital) and on material intra-group transactions.

Supervision of shareholder controllers, chief executives, directors and key persons in control functions

Section 95I of the IO prohibits a person from becoming or continuing to be a shareholder controller (defined to mean a person who, alone or with an associate or through a nominee, is entitled to exercise, or control the exercise of, 15% or more of the voting power at any general meeting of the company) of FWD Management Holdings (as the DIHC) unless approved by the HKIA. In addition, the HKIA is able to object to a person being a shareholder controller of a DIHC if it appears to the HKIA that the person is not, or is no longer, a fit and proper person to be a shareholder controller.

FWD Management Holdings (as the DIHC) is required to obtain the HKIA’s approval for the appointments of its chief executive(s), director(s) and key person(s) in control functions. The HKIA is able to object to the continued appointment of any chief executive, director or key person in control functions of FWD Management Holdings if it appears to the HKIA that the person in question is not, or is no longer, a fit and proper person to be so appointed.

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Factors to be taken into consideration in ascertaining whether a shareholder controller, chief executive, director or key person in control functions is fit and proper are set out in the IO and are similar to the ones applicable to an authorised insurer. Please refer to “– *Laws and Regulations Relating to the Group’s Business and Operations in Hong Kong – Fit and proper directors and controllers*” in this section.

New controller regime

The Amended IO introduces a distinction between majority shareholder controllers and minority shareholder controllers and requires a person to seek further approval of the HKIA if he/she intends to acquire 50% or more of the voting power of an insurance company, regardless of whether he/she has obtained prior approval (per the prevailing requirement before the commencement date of the Amended IO) from the HKIA for the acquisition of 15% or more of the voting power of that company.

Powers of intervention

The GWS framework also empowers the HKIA to pass a direction appointing a manager to manage the affairs, business and property of the DIHC, including the exercise of the DIHC control and influence over within-scope group companies, for the duration that such direction is in force, if any of the following were to occur:

- (i) the HKIA is of the opinion or is informed by the DIHC that the group capital requirements for the supervised group are not being, or are likely to be not, complied with;
- (ii) the auditor’s report states that there is a significant doubt as to the ability of the DIHC or its supervised group to continue as a going concern; or
- (iii) the HKIA is of the opinion that the DIHC or its supervised group is unable to meet their liabilities, and there is no reasonable prospect of the DIHC or its supervised group recovering from such situation, the measures taken by the DIHC or its supervised group to recover from such situation have failed or any attempt to take the measures to recover from such situation is likely to fail or cannot be implemented within a reasonable time.

The HKIA is also empowered under specified circumstances to, among other things, obtain information and require production of documents, requiring the taking of action in relation to the affairs, business and property of companies within the supervised group and the power to restrict the transfer of assets among the within-scope group companies.

Incoming risk-based capital requirements

The ICS, which applies to IAIGs, was adopted by the IAIS at its Annual General Meeting in December 2024 (in January 2023, the HKIA identified the Group as an IAIG).

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The ICS has been developed as a consolidated group-wide standard for IAIGs. It consists of three components: valuation, qualifying capital resources, and a standard method for the ICS capital requirement. The ICS implementation timelines recognise that it will take some time for jurisdictions to finalise any necessary regulatory and supervisory changes to align with the ICS, taking into account jurisdictional circumstances. In 2026, the IAIS will coordinate a baseline self-assessment by IAIS members of their progress in implementing the ICS, which will serve as a baseline for further implementation progress monitoring. The IAIS will then aim to start in-depth targeted jurisdictional assessments in 2027. The Group has been taking part in field testing for the implementation of the ICS and continuously monitors the progress of such implementation and its potential impact on the Group. Where the HKIA has identified the Group as an IAIG, the Group may become subject to additional capital and solvency requirements. See *“Risk Factors – Risks Relating to our Business – New solvency standards may affect our capital position”*.

Regulation of insurance intermediaries in Hong Kong

Overview

With effect from 23 September 2019, the HKIA became the sole regulator to license and supervise insurance intermediaries (comprising insurance agents and insurance brokers) in Hong Kong. The regulatory regime for insurance intermediaries is activity-based. The key difference between the two types of insurance intermediaries is that insurance agents act as agents of insurers, while insurance brokers act as agents of policyholders and potential policyholders.

The HKIA is responsible for supervising insurance intermediaries' compliance with the provisions of the IO and the relevant regulations, rules, codes and guidelines issued by the HKIA. The HKIA is also responsible for promoting and encouraging proper standards of conduct of insurance intermediaries, and has regulatory powers in relation to licensing, inspection, investigation and disciplinary sanctions.

The Group has two licensed insurance intermediaries: FWD Financial Limited, a licensed insurance agent, and FWD Financial Planning, a licensed insurance broker company.

Licensing requirements

Where the applicant insurance agent, technical representative (agent) or technical representative (broker) is an individual, the HKIA must not grant the applicant a licence unless, among other things, (i) the applicant is a fit and proper person to carry on regulated activities in the lines of business concerned and (ii) the applicant has passed the relevant papers of the Insurance Intermediaries Qualification Examination conducted by the Vocational Training Council (unless exempt).

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Where an applicant insurance agency is a corporation, the HKIA must not grant the applicant a licence unless, among other things, (i) the applicant is a fit and proper person to carry on regulated activities in the lines of business concerned; (ii) each director of the applicant is a fit and proper person to be associated with the carrying on of regulated activities in those lines of business; (iii) where there is a controller in relation to the applicant, the controller is a fit and proper person to be associated with the carrying on of regulated activities in those lines of business; and (iv) the applicant is appointed as an agent by at least one authorised insurer. A licensed insurance agency is also required to appoint a fit and proper person to discharge his or her responsibilities as a responsible officer of the insurance agency, and should provide sufficient resources and support to the person for discharging his or her responsibilities. Prior approval of the HKIA is required for appointment of the responsible officer.

The HKIA must not grant an applicant insurance broker company a licence unless (i) the applicant is a fit and proper person to carry on regulated activities in the lines of business concerned; (ii) each director of the applicant is a fit and proper person to be associated with the carrying on of regulated activities in those lines of business; (iii) if there is a controller in relation to the applicant, the controller is a fit and proper person to be associated with the carrying on of regulated activities in those lines of business; and (iv) the applicant is able to demonstrate that, if licensed, it will be able to comply with rules relating to minimum capital and net assets, professional indemnity insurance, the keeping of separate client accounts by a licensed insurance broker company and the keeping of proper books and accounts. A licensed insurance broker company is also required to appoint a fit and proper person to discharge his or her responsibilities as a responsible officer of the insurance broker company, and should provide sufficient resources and support to the person for discharging his or her responsibilities. Prior approval of the HKIA is required for appointment of the responsible officer.

“Controller” is defined in Part X of the IO to mean, in relation to a company, a person who (i) owns or controls, directly or indirectly, including through a trust or bearer shareholding, not less than 15% of the issued share capital of the company; (ii) is, directly or indirectly, entitled to exercise or control the exercise of not less than 15% of the voting rights at general meetings of the company; or (iii) exercises ultimate control over the management of the company.

The matters that the HKIA must have regard to in determining fitness and properness are set out in the IO. These include matters such as a person’s education or other qualifications or experience, ability to carry on a regulated activity competently, honestly and fairly, reputation, character, reliability and integrity and financial status or solvency. The HKIA has issued a guideline on the “fit and proper” criteria for licensed insurance intermediaries.

Licences will generally be subject to renewal requirements every three years.

Conduct requirements

Licensed insurance intermediaries are required to comply with the statutory conduct requirements set out in the IO and the relevant requirements set out in the codes of conduct issued under the IO. The HKIA has issued two separate codes of conduct, namely the Code of Conduct for Licensed Insurance Agents and the Code of Conduct for Licensed Insurance Brokers. These codes contain principles of conduct and related standards and practices with which licensed insurance agents and licensed insurance brokers are ordinarily expected to comply in carrying on regulated activities.

Regulation under the MPFSO

The MPFA is the body established to act as the regulatory authority under the MPFSO and is responsible for regulating and supervising the operations of MPF schemes.

The MPFA registers MPF schemes, approves constituent funds of the schemes and ensures that they operate properly in accordance with the MPFSO, subsidiary legislation and the guidelines issued by the MPFA.

A person is required to be registered with the MPFA as an MPF intermediary before he can engage in MPF sales and marketing activities that may influence a prospective or existing participant of an MPF scheme in making a decision that affects the participant's benefits in an MPF scheme. The MPFA may only register as "principal intermediaries" institutions registered with the SFC for dealing in securities and/or advising on securities regulated activity corporations licensed by the SFC for dealing in securities regulated activity and/or advising on securities regulated activity, insurers authorised under the IO to carry on a long-term insurance business and licensed long-term insurance broker companies under the IO. FWD Life (Bermuda) and FWD Financial Planning are registered MPFSO principal intermediaries and hence are subject to supervision under this regime. Certain individuals attached to a principal intermediary are also required to be registered with the MPFA as "subsidiary intermediaries." Both principal intermediaries and subsidiaries intermediaries constitute "MPF intermediaries." In regulating MPF intermediaries, the MPFA works with three frontline regulators, namely the HKIA, the SFC and the Hong Kong Monetary Authority (collectively, the "FRs"). The MPFA and the FRs have distinct powers and functions. In cases concerning conduct issues, the FRs are responsible for supervision and investigation of the relevant registered MPF intermediaries who are the FRs' respective regulatees under their own regimes while the MPFA is the sole authority to determine and impose any disciplinary orders under the MPFSO. Conduct requirements for MPF intermediaries are set out in the MPFSO and a guideline issued by the MPFA.

Publicly offered investment products

The operation, marketing and promotion of investment-linked products and schemes, including long-term insurance schemes by insurers, are subject to authorisation by the SFC in accordance with Part IV of the SFO and related codes and guidelines issued by the SFC (for

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example, the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products). The codes and guidelines contain structural requirements, operational requirements and disclosure requirements, including restrictions on the content of advertisements and the claims that can be made with respect to risks and potential returns on an investment.

Regulation under the SFO

Companies that wish to conduct business in regulated activities (as stipulated in the SFO) which include, but are not limited to, Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) in Hong Kong must be licensed to do so under the SFO, unless one of the exemptions under the SFO applies. The marketing and promotion of regulated activities, certain financial products and investment schemes are also regulated under the SFO.

Licensed corporations under the SFO are subject to a number of ongoing requirements which include, but are not limited to, capital adequacy, financial reporting and audit, internal control and compliance, regulatory notifications and record keeping. Responsible officers who supervise the regulated activities of the licensed corporations and individuals responsible for carrying out the regulated activities in Hong Kong must satisfy suitability and qualification requirements (as well as maintenance of such requirements) and be approved by the SFC. Substantial shareholders as defined under the SFO must also satisfy certain requirements as to their fitness and properness and be approved by the SFC.

In Hong Kong, FWD Financial Planning is a licensed corporation that is licensed for Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities.

In addition, the operation, marketing and promotion of investment-linked products and schemes, including long-term insurance schemes by insurers, are subject to authorisation by the SFC. See “– *Publicly offered investment products*” in this section.

Laws and Regulations Relating to the Group’s Business and Operations in Macau

Overview

The main source of statutory regulation of the insurance sector in Macau is Decree-Law 27/97/M as amended by Law 21/2020, commonly referred to as the Macau Insurance Ordinance, which sets out requirements for the ongoing compliance and reporting obligations of insurers. In addition, the Macau Financial System Act (originally Decree-law no.32/93/M), as amended and reinstated by Law 13/2023, is also expressly applicable to insurance companies operating in Macau, in particular it includes provisions governing supervisory actions, administrative penalties, competition and advertising activities.

The ultimate authority overseeing, coordinating and supervising insurance activity is the Macau Chief Executive, while the material execution of these functions is carried out by the Macau Monetary Authority (“**AMCM**”).

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Insurance intermediary activity in Macau is principally regulated under Decree-Law 38/89/M and its subsequent amendments, commonly referred to as the Insurance Agents and Brokers Ordinance. Authorisation of insurance intermediaries and supervision of insurance intermediary activity fall under AMCM's purview, and any individual or corporate entity must obtain the necessary license issued by AMCM before conducting insurance intermediary business in Macau.

On 31 July 2024, the Macau Legislative Assembly enacted Law 15/2024 (the Insurance Intermediary Activities Ordinance) with the intent of modernising the regulatory framework for insurance intermediaries in line with international standards and best practices. This new legislation will replace and revoke the Insurance Agents and Brokers Ordinance when it comes into force on 1 August 2025.

Licences held by the Group in Macau

The Group is authorised to carry on a life insurance business in Macau through its locally incorporated subsidiary, FWD Life (Macau). FWD Life (Macau) is licensed as a life insurer and authorised to offer all classes of life business.

FWD Life (Macau)'s authorisation to carry on a life insurance business was issued by government order no. 92/99/M on 22 March 1999 and published in the Macau Official Gazette on 29 March 1999. This authorisation was subsequently updated by way of executive orders 73/2000, 30/2001 and 48/2013, being successive authorisations to the change in trade name of the company.

Capital, Solvency Margin and Reserve Requirements, Dividend Restrictions

The Macau Insurance Ordinance sets a minimum paid up capital requirement for locally incorporated life insurers, such as FWD Life (Macau), of MOP60 million. Pursuant to the Macau Insurance Ordinance, FWD Life (Macau) is also required to maintain technical reserves, guaranteed by equivalent and adequate assets located in Macau (unless otherwise authorised by AMCM), as well an excess of assets over liabilities of not less than a required solvency margin calculated in accordance with section 70 of the Macau Insurance Ordinance, subject to a minimum solvency margin of MOP15 million. FWD Life (Macau) may only distribute dividends if it meets its statutory legal reserve obligations for the financial year. The Monetary Authority of Macao requires insurance companies to maintain a required minimum solvency ratio determined periodically and is currently set at 150%.

In addition, the Macau Chief Executive 2024 policy address mentioned the commencement of a research project on a RBC framework for the Macau insurance industry, leading to an eventual drafting of relevant legislation to implement a RBC regime. Such research project is currently underway, with joint discussions between the regulator and the relevant stakeholders being held throughout 2024 and 2025. However, no final target has yet

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been set to finish the research and legislative process for such an implementation of the RBC regime in Macau. The Group continuously monitors the progress of this implementation of the RBC regime and its potential impact on the Group.

Laws and Regulations Relating to the Group's Business and Operations in Thailand

Overview

FWD Thailand is licensed to carry on a life insurance business in Thailand. It is regulated and supervised by the Office of Insurance Commission of Thailand (“**OIC**”), an independent regulatory organisation handling day-to-day insurance business affairs that reports to the Ministry of Finance. The Secretary General of the OIC holds the statutory appointment of Insurance Registrar.

Each quarter, life insurers must contribute a proportion of their insurance premium to the OIC to cover the OIC's operational expenses. Other than unit-linked insurance products, life insurers must contribute 0.3% of the first-year direct premium and 0.15% for the premium of consecutive year and for one-time payment insurance policies. For unit-linked insurance products, the rate of contribution to the OIC is 0.1% of direct premium each year.

The principal regulator for insurers, reinsurers and intermediaries in Thailand is the OIC. Under the Insurance Commission Act 2007, the OIC is chaired by the Permanent Secretary of Finance, and comprises of the Permanent Secretary of Commerce, the Secretary General of the Consumer Protection Board, the Governor of the Bank of Thailand, and the Secretary General of the Securities and Exchange Commission as ex officio commissioners. The OIC must also be made up of at least 6 but no more than 8 Commissioners selected from experts in law, accountancy, business administration, finance, economics, or insurance.

The Life Insurance Act 1992 (as amended) and its subordinated regulations govern life insurance companies and intermediaries in Thailand, and impose compliance and statutory requirements, including approval and reporting requirement, on insurers and intermediaries. The OIC has the power to supervise insurers and intermediaries; regulate professional conduct, qualifications and the licensing of insurance brokers, agents and actuaries; and implement policies on insurance funds.

Capital requirements

Life insurance companies in Thailand must maintain total capital available of not lower than the total capital required (“**TCR**”) under the Risk-Based Capital Notification 2019 (as amended) (“**RBC Notification**”), and, in any case, not lower than Thai Baht 50 million. TCR is calculated based on the relevant risks to which a life insurer is exposed. According to the

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RBC Notification, if life insurance companies have a capital adequacy ratio (“**CAR**”) of lower than 120% (effective until 31 December 2021) or lower than 140% (effective from 1 January 2022 onward), the OIC may impose certain measures as necessary to monitor the financial status of such companies.

Reserve and asset management requirements

For any insurance policies that remain in force, life insurers must allocate a portion of their premium income to a statutory insurance reserve. The insurance reserve may consist of different classes of assets, including cash, government bonds, and current deposits.

Life insurers must place a security deposit with the OIC of not less than Thai Baht 20 million, which may be a mix of cash and certain types of bonds, treasury bills, and similar permitted instruments. Life insurers must also place 25% of their insurance reserves with the OIC.

Under the law, if an insurer is bankrupt or if its licence is revoked, policyholders who are entitled to receive payment under their insurance policies will have preferential rights to the assets that the insurer placed with the OIC (security deposit and insurance reserve), and the rights to receive payment from those assets as secured creditors before other secured creditors.

Statutory fund

Life insurance companies must contribute to a central life insurance statutory fund. If an insurer is declared bankrupt or if its licence is revoked, policyholders will be compensated by the fund. Life insurance companies are required to place up to 0.5% of their total premium collected in the past six months into the statutory fund in accordance with the rules of the OIC.

If the insurer’s licence is revoked, each policyholder will receive, in total, not more than Thai Baht 1 million of liquidation proceeds already distributed by the liquidator and compensation from the fund. Policyholders would also have preferential rights over other assets of the insurer and the right to receive payment from such assets subject to the rights of secured creditors and certain other classes of preferred creditors.

Reinsurance

Life insurers can reinsure only for protection parts of each life insurers, or in the case of mass lapse as agreed between the life insurers and the reinsurers. Other types of outward reinsurance may be taken if they are only for risk management and capital adequacy risk management, and prior approval must be obtained from the OIC, on a case-by-case basis.

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Life insurers must prepare a liquidity risk management plan for events with huge loss or those requiring constant compensation. The OIC may also request insurers to take a stress test to assess how effective their treaty or facultative reinsurance arrangements are.

Reinsurance with a Thai licensed reinsurer is allowed if the insurers have an appropriate reinsurance management framework. Thai insurers can only enter into treaty and facultative reinsurance agreements with foreign reinsurers with a good credit rating as prescribed under the regulation. Thai insurers are allowed to enter into financial reinsurance or finite reinsurance agreements provided that certain conditions are met.

Insurers are required to submit a report on their reinsurance management framework and an analysis of the effectiveness of reinsurance to the OIC by the end of March each year. They must also submit the required reinsurance information and statistics, and, if the OIC requests, copies of reinsurance agreements and side letters.

Regulation on products

All insurance policies, as well as their related documents and endorsements, must be approved by the OIC. Using policies that have not been approved can entitle policyholders to policy termination with a full refund of premium or policy continuation with the benefits as written. Any inconsistency between a policy and its marketing materials is to be construed in favour of the policyholder or the beneficiary.

Premium rates also require the OIC's approval. The OIC can adjust a premium rate as it sees appropriate or at the insurer's request. Any premium adjustment will not affect the premium rate of insurance policies that were approved previously.

Insurers cannot underwrite policies denominated in currencies other than Thai Baht, but may access reinsurance from overseas that is denominated in foreign currencies.

The eligibility criteria on tax deductibility of premiums imposed by the Revenue Department affects life insurance policies.

Regulation on agents and brokers

Life insurance agents and brokers must be licensed by the OIC. From a general principle perspective in Thailand, agents generally represent a single insurer, while brokers may represent multiple insurers for the customer's best interests. The licence of an agent also indicates the name of the insurance company of the agent. Insurers cannot pay intermediaries any remuneration other than normal commission and benefits. There is a cap on the first-year commission rate, and a minimum rate for commission rates for subsequent years.

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Restriction on foreign insurers

Life insurers must have at least 75% of their total voting shares directly owned by Thai shareholders, and cannot have foreign directors representing more than a quarter of the board. Nonetheless, the OIC may allow a life insurer to have up to 49% direct foreign shareholding and to have foreign directors representing more than a quarter but less than half of the board, if the Commission thinks appropriate.

The Minister of Finance, with recommendation of the OIC, can allow an insurer to have more than 49% foreign shareholding and foreign directors representing half of the board (or more) if the insurer's operation may cause harm to policyholders or the public, or for the purpose of enhancing the stability of the insurer or the insurance industry.

The law does not prohibit foreign shareholders from owning an indirect interest in life insurers in Thailand through Thai holding companies.

Restriction on dividends and distributions

Life insurers must maintain certain reserves. Before they can distribute dividends, life insurers must meet certain requirements, including having a CAR above the prescribed threshold and having net profits for at least two consecutive years. The calculation of net profits and dividends distribution is subject to the OIC's prior approval.

Financial reporting requirements

Insurers must submit reviewed quarterly financial statements, audited annual financial statements, and annual reports, as well as a certified actuarial report on the calculation of liabilities from insurance policies. In addition, life insurers must publicise their financial statements in newspapers, at their head office and branch offices.

Laws and Regulations Relating to the Group's Business and Operations in Japan

Overview

FWD Life Japan is regulated principally under the Insurance Business Act, which governs both life and non-life insurance businesses in Japan. Pursuant to the Insurance Business Act, the Prime Minister has the authority to supervise insurance companies in Japan. Most of such authority is delegated to the Commissioner of the Japanese Financial Services Agency ("JFSA"), who in turn has delegated a part of such authority to the Directors of the Local Finance Bureaus of the Ministry of Finance.

Licensing requirements

Under the Insurance Business Act, a licence must be obtained from the Prime Minister in order to engage in the business of underwriting insurance for the general public, with certain exceptions. The issuance of a licence is subject to the satisfaction of certain requirements relating to financial condition, prospective results of operations, knowledge, experience, social credibility, insurance products to be offered, and the manner of calculation of insurance premiums, policy reserves and certain other financial matters. The Prime Minister or the Commissioner of the JFSA also has the authority to order the suspension of businesses in whole or in part; dismissal of officers including directors, executive officers, accounting advisers, corporate auditors and independent auditors; and revocation of licences, in the event of violation of material provisions of laws or regulations or in certain other cases prescribed by the Insurance Business Act.

Authority of the Commissioner of the JFSA

An insurance company must obtain approval from the Commissioner of the JFSA with respect to (a) any change in its products or any other term provided in the statement of manner of operations, the form of general policy conditions or the statement of the manner of calculation of insurance premiums and policy reserves submitted to the JFSA (although some of these changes are subject only to a prior notification requirement) or certain material provisions of its articles of incorporation, (b) establishment or acquisition of certain subsidiaries, (c) demutualisation, mutualisation, merger, consolidation, company split, dissolution or cessation of insurance business or (d) transfer of insurance policies, transfer or acquisition of a business in which any or all of the parties thereto are insurance companies, or entrustment of its administration or property to any other insurance company. The Commissioner of the JFSA also has extensive supervisory authority over insurance companies.

Reporting requirements

Insurance companies in Japan are subject to various reporting requirements under the Insurance Business Act. Among these requirements, insurance companies in Japan must submit to the Commissioner of the JFSA annual and semi-annual business reports in each business year, as well as notifications with respect to any increase in paid-in capital; appointment or resignation of representative directors, directors who engage in the ordinary business of the insurance company, corporate auditors, representative executive officers, executive officers, members of audit committee or independent auditors; issuance of stock acquisition rights or subordinated bonds; and the borrowing of subordinated loans.

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Regulations on solicitation

Under the Insurance Business Act, life insurance solicitors, including sales representatives, independent sales agents and insurance brokers, must be registered with the relevant Local Finance Bureau. The Directors of the Local Finance Bureaus also have the authority to revoke any existing registration upon the occurrence of certain events provided in the Insurance Business Act and to supervise the operation of such representatives, agents and brokers.

Scope of business

Under the Insurance Business Act, insurance companies in Japan are permitted to engage only in the business of underwriting insurance pursuant to their licence, investing premium revenues and other assets, and certain other businesses set forth in the Insurance Business Act (with the prior approval of the Commissioner of the JFSA for certain types of businesses).

Regulations on major shareholders

Under the Insurance Business Act, a person who intends to hold 20% (or in certain cases, 15%) or more of the voting rights of an insurance company, defined for the purpose of this section as a major shareholder, must obtain prior authorisation from the Commissioner of the JFSA with certain limited exceptions. In addition, the Commissioner of the JFSA may request the submission of reports or materials from, or may inspect, any major shareholder if necessary to secure the sound and appropriate operation of the business and the protection of policyholders of such insurance company. The Commissioner of the JFSA may also impose certain administrative sanctions against major shareholders under the Insurance Business Act, including rescinding the authorisation given to a major shareholder, if they violate any law, regulation or administrative disposition, or act against public interest.

Solvency margin

Under the Insurance Business Act, the Commissioner of the JFSA has the authority to set standards to measure the financial soundness of the management of insurance companies in Japan. The solvency margin ratio is a standard designed to measure the ability of insurance companies to pay insurance claims and other claims upon the occurrence of unforeseeable events such as natural disasters. Currently, the solvency margin ratio for life insurance companies is calculated pursuant to a defined calculation formula.

In October 2024, the JFSA announced proposed amendments to laws and regulations in relation to an economic value-based solvency regime and the use of internal models. Subsequently, in January 2025, the JFSA amended the proposed amendments along with the finalisation of the ICS, and it is expected that the JFSA will officially announce those additional amendments in the second half of 2025, with a target date of implementation from

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the fiscal year ending 31 March 2026. The Group has been taking part in field testing for the implementation of the ICS and continuously monitors the progress of such implementation to examine the potential impact on the Group.

The Commissioner of the JFSA has the authority to order an insurance company with an insufficient solvency margin ratio or negative real net assets to take prompt corrective action. In general, insurance companies with solvency margin ratios of 200% or higher are considered sound. If the ratio falls below 200%, the Commissioner of the JFSA may order the insurance company to submit and implement a business improvement plan that will reasonably ensure the soundness of its management. If the ratio falls below 100%, the Commissioner of the JFSA may order the insurance company to take measures to enhance solvency. If the solvency margin ratio falls below 0%, the Commissioner of the JFSA may order the insurance company to suspend all or part of its operations for a period of time to be specified by the Commissioner of the JFSA.

Distribution of dividends

Under the Companies Act, the distribution of shareholder dividends takes the form of distribution of surplus. A distribution of surplus may be made up to the amount calculated in accordance with the formula set forth in the Companies Act. The Insurance Business Act provides that the distribution of policyholder dividends by insurance companies in Japan must be made in a fair and equitable manner in accordance with the provisions of related regulations.

Laws and Regulations Relating to the Group's Business and Operations in the Philippines

Overview

The Group is authorised to carry on a life insurance business in the Philippines through FWD Philippines. FWD Philippines is likewise authorised to engage in bancassurance activities through the banking network of Security Bank of the Philippines.

The Insurance Commission is the regulatory body that supervises the insurance industry in accordance with Presidential Decree No. 1460, as amended by Republic Act No. 10607 (the “**Philippine Insurance Code**”). The Insurance Commission is a government agency under the Department of Finance and is headed by the Insurance Commissioner who is appointed by the President of the Republic of the Philippines.

Capital Requirements, Solvency and Dividends

Insurance Commission Circular Letter 2016-68 (Amended Risk-Based Capital Framework) prescribes that the risk-based capital ratio be at least 100%, and a trend test is satisfied, at every quarter-end (i.e. 3 quarterly submissions and an annual report). Upon failure to meet the required RBC ratio based on the submissions, the company must submit a report explaining the cause of the failure and a management plan outlining the actions

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and/or strategies to be done to meet the RBC ratio for the next quarter. There are varying levels of regulatory intervention for the failure of a company to meet the required minimum based on a company's RBC ratio. In addition, Section 194 of the Philippine Insurance Code sets the minimum paid up capital requirements for domestic life and non-life insurance companies incorporated after 2013 at PHP1 billion. All life or non-life insurers are also subject to an increasing net worth requirement of PHP250 million by 30 June 2013, PHP550 million by 31 December 2016, PHP900 million by 31 December 2019, and PHP1.3 billion by 31 December 2022. Net worth shall consist of: (a) paid-up capital; (b) retained earnings; (c) unimpaired surplus; and (d) revaluation of assets as may be approved by the Insurance Commissioner.

The Insurance Commission has also issued Circular Letter No. 2022-41 which directs covered entities, which include life insurance companies with premium income exceeding PHP10 billion, to adopt and implement the Own Risk and Solvency Assessment Framework for solvency purposes to identify, measure, report and manage insurers' risks in an ongoing and integrated manner. However, the ORSA shall not serve as a replacement for regulatory capital requirements, and shall not be utilised to calculate the required Net Worth requirement under Section 194 of the Philippine Insurance Code and the required Risk-Based Capital under Circular Letter No. 2016-68. A covered entity is required to conduct its respective ORSAs as part of its risk-management system starting from the close of financial year of 2023, and required to conduct ORSA at least once a year and at any time when there are significant changes to its risk profile, or where applicable, of the insurance group of which it is a member.

The ORSA aims to support the risk management system of the covered entity by providing a forward-looking assessment, both quantitative and qualitative, of the insurance company's current and future solvency position under stressed scenarios considering all types of risks, and shall provide a better understanding of the following: (i) risk profiles, both current and future, and respective key drivers; (ii) adequacy of capital available to support their business model; (iii) material changes to their risk profiles; (iv) risks to which insurers are or will be exposed to, regardless of whether said risks are explicitly covered by regulatory capital requirements; (v) key drivers of their financial positions and balance sheet values; and (vi) identification of potential management actions to mitigate risks. The ORSA is expected to assess the following elements: (i) current solvency position; (ii) foreseeable future solvency position; (iii) effect on the foreseeable future solvency position of sufficiently changing and realistic adverse events and scenarios; (iv) continuous compliance with regulatory and solvency requirements; (v) identification of measures that the covered entity may adopt; (vi) breakdown of total economic capital target into the risks the covered entity is exposed to and the areas of activity where each risk stems from; and (vii) qualitative analysis of the overall risk-profile of the covered entity and determination of whether its exposure to material risks is consistent with the risk appetite and risk tolerance contained in the business model, strategic plans and policies.

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The covered entity is required to develop appropriate documentation systems as described in the Circular Letter No. 2022-41, which include the ORSA Policy (as described in Rule II C of the Circular Letter No. 2022-41) (“**ORSA Policy**”) and the ORSA Reports (as described in Annex A of the Circular Letter No. 2022-41) (“**ORSA Reports**”), and is required to submit the ORSA Policy to the Insurance Commission no later than 30 June 2023, and no later than 30 June of the year after meeting the criteria for mandatory ORSA for the succeeding years. Any subsequent change in the ORSA Policy shall be submitted to the Insurance Commission within one month from the adoption of the amendments. Additionally, covered entities shall be required to submit the ORSA Reports to the Insurance Commission on or before the fourth quarter of 2024 for the period covering the financial year of 2023, and no later than the fourth quarter following the relevant financial year for those that meet the criteria for mandatory ORSA after the financial year of 2023.

The Insurance Commission issued Circular Letter No. 2024-16 dated 21 August 2024 establishing the Guidelines for the Conduct of Institutional Risk Assessment (“**IRA**”) aimed at combating money laundering (“**ML**”), terrorist financing (“**TF**”), and proliferation financing (“**PF**”), and mitigating sanctions risk. All Insurance Commission Regulated Entities (“**ICREs**”) are required to develop tailored policies, controls and procedures to effectively manage and mitigate identified risks, and implement a risk-focused strategy against ML, TF, and PF. The risk assessment must be accessible to the Insurance Commission for examination purposes or when needed for risk-based supervision. Moreover, the IRA guidelines prescribe a three-stage risk assessment process: (i) Stage 1 involves risk identification through identifying ML/TF/PF threats and vulnerabilities germane to the ICRE’s business operations; (ii) Stage 2 involves risk analysis by conducting a meticulous and knowledgeable assessment of the characteristics, origins, probability, and implications of the identified risks, determining the level and severity of each identified risk, and allocating relative value or risk level to each ML/TF/PF or sanctions risk; and (iii) Stage 3 involves risk evaluation through the identification of priorities and the creation of effective strategies that align with the level of identified residual risks and risk appetite of the ICRE. The IRA report containing the assessment results and recommendations shall be submitted to the board of directors for approval, and the action plans to mitigate the identified risks should be communicated to the concerned officers and personnel for shared understanding and effective implementation. The IRA is expected to be up-to-date and is recommended to be conducted at least once every two years or as often as may be directed by the board or senior management. ICREs are also required to conduct risk assessment in relation to the development of new products and business practices.

The Insurance Commission has also issued Circular Letter No. 2024-23 dated 14 November 2024 establishing the Guidelines on Investments in Infrastructure Projects under the Philippine Development Plan (PDP). The Investments under PDP guidelines aim to encourage regulated entities to invest in infrastructure projects under the PDP while complying with the statutory net worth and risk-based capital requirements, and other rules and regulations of the Insurance Commission. The forms of investments can be made through any, or a combination of, equity investment in the private proponent or investing capital in an infrastructure project, or debt investment in the private proponent or investing

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as a financier or sponsor of an infrastructure project. However, investment limitations shall apply. For life insurance companies, the total allowable investments in infrastructure projects under the PDP shall not exceed 40% of the investing company's admitted assets as per its latest approved annual statement. Such investment in infrastructure projects shall require the pre-approval of the Insurance Commission. The Investments under PDP guidelines also provide the risk charges relating to investments in infrastructure projects: (i) for debt instruments, the risk charge shall be 6%. The Insurance Commission may impose a lower risk charge considering a high credit rating on the instrument. Any variance from the risk charge of 6% shall require the prior approval of the Insurance Commission; and (ii) for equity instruments, the risk charge shall be 9%.

The Insurance Commission has also issued Circular Letter No. 2025-09 dated 8 April 2025 (“**CL No. 2025-09**”) establishing the Omnibus Guidelines on Investments. The objective of the Omnibus Guidelines on Investments is to enhance the investment adaptability of ICREs and foster a more dynamic and responsive approach to the market environments. CL No. 2025-09 provides a detailed list of admissible investments and non-admitted assets in the determination of an ICRE's financial conditions. These admissible investments generally include cash; short-term instruments such as deposits and fixed-income securities; certain qualified marketable securities including debt and equity instruments issued by sovereign and corporate issuers; structured products; financial derivatives; investment vehicles; different types of loans including loans secured by certain assets specified in regulations; purchase of accounts or loans receivables; certain real estate properties; certain infrastructure projects under the Philippine Development Plan; investment in equities of other financial institutions, among others. These admissible investments require no prior approval except for certain categories such as loans secured by specified assets, real estate and infrastructure project investments and investment in equities of financial institutions. Non-admitted assets that are excluded from an ICRE's financial condition assessment include intangible assets such as goodwill, inadequately secured advances, office-related assets, shares of stock of or held by insurance companies, overvalued investments based on regulatory guidelines. The Insurance Commission will conduct periodic on-site and off-site reviews to ensure compliance of ICREs with the Investment Policy Framework and other regulations. The insurance company must also submit Enhanced Quarterly Reports on Selected Financial Statistics under CL No. 2023-10 and Investments Made and Sold reports under CL No. 2021-06. ICREs with investment in complex structured products, financial derivatives and investment vehicles must submit an Investment Policy Framework within three months after CL No. 2025-09's becomes effective, being its issuance date of 8 April 2025. Additionally, CL No. 2025-09 sets out the investment limitations under the provisions of the Philippine Insurance Code and circular letters of the Insurance Commission.

A life insurance company is authorised to declare cash, property or stock dividends for distribution to its stockholders of record in proportion to their stockholdings upon approval by the board of directors and stockholders. Section 201 of the Philippine Insurance Code provides that a declaration of dividends can only be done if the company satisfies the minimum net worth, and paid-up capital thresholds imposed by law. The Insurance

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Commission has issued Circular Letter 2021-02 providing the Revised Guidelines on the Declaration and/or Distribution of Dividends of an insurance company (the “**Revised Guidelines**”). Moreover, pursuant to the Revised Guidelines, the insurance company shall meet the following regulatory measures at all times, without regulatory relief, duly attested by the President and Treasurer, before declaration and/or distribution out of the unrestricted retained earnings can be made: (i) unimpaired paid-up capital stock; (ii) net worth requirements prescribed by Circular Letter No. 2015-02-A and Section 194 of the Philippine Insurance Code; (iii) solvency requirements defined in Section 200 of the Philippine Insurance Code; (iv) legal reserve fund requirements under Section 217 of the Philippine Insurance Code; and (v) a sum sufficient to pay off all net losses reported or in the course of settlement, and all liabilities for expenses and taxes imposed by law. No prior approval or clearance from the Insurance Commission is required for the declaration and/or distribution of dividends. Any dividend declared or distributed shall be reported to the Insurance Commissioner within 30 days after such declaration or distribution accompanied by the documentary requirements. If the Insurance Commission finds that there has been a declaration or distribution in violation of the Revised Guidelines, the insurance company may be ordered to cease and desist from doing business until the amount of such dividend or portion in excess of the allowable amount has been restored.

Laws and Regulations Relating to the Group’s Business and Operations in Indonesia

Overview

The primary regulating authority for insurance and asset management businesses in Indonesia is the OJK. FWD Indonesia holds a life insurance licence and a Shariah business unit approval, both issued by the OJK. As at the Latest Practicable Date, PT FWD Asset Management has surrendered its licence as an investment management company, which was originally issued by the Indonesian Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK), which was the regulating authority over financial services institutions prior to the establishment of the OJK. On 6 March 2025, the OJK approved the surrender of PT FWD Asset Management's investment management licence as a first step of its voluntary liquidation. Furthermore, the shareholders of PT FWD Asset Management resolved to dissolve the company on 26 March 2025. Under Indonesian law, a company which is dissolved will enter into the liquidation process, during which it will maintain its incorporated status. The company will cease to be a legal entity once the liquidation process has been concluded and the liquidator report has been approved by the company's shareholders. The liquidation process is expected to be completed in 2025.

Dividends and Distribution Restrictions

Under Law No. 40 of 2007 on Limited Liability Companies as amended by the Job Creation Law, if a company records positive earnings in a financial year, the company may distribute dividends to the shareholders. Interim dividends may also be distributed prior to the end of the company’s financial year provided that the dividend distribution: (i) would not cause the company’s net worth to become less than the amount of paid-up and issued capital

plus required reserve; (ii) would not affect the company's capability to perform its obligations to its creditors; and (iii) would not affect the company's business activities. If the company suffers losses at the end of the financial year, then the shareholders shall return the distributed interim dividends to the company.

In addition to the above, OJK Regulation No. 71/POJK.05/2016 on Financial Soundness of Insurance and Reinsurance Companies, as lastly amended by OJK Regulation No. 5 of 2023 ("**OJK Regulation No.71**"), provides that an insurance company shall not make any dividend distribution if it would result in it not meeting its required internal solvency rate and equity.

Insurance Regulatory Framework

There are a wide range of regulations and restrictions relevant to an insurance company, all of which are under the primary law on insurance business activities, i.e., Law No. 40 of 2014 on Insurance Business as partially amended by Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector ("**Indonesia Insurance Law**").

An insurance company must obtain an insurance business licence from the OJK, which is the primary licence that must be held by an insurance company in order to conduct insurance related activities. Only licensed insurance companies can insure risks in Indonesia and foreign investors can only participate in a domestic insurance business through a joint venture or by acquiring an existing insurance company. Composite insurance companies are not permitted (i.e., an insurer may only write life or non-life products) and parties wishing to operate across both life and non-life sectors need to do so through separate legal entities. This is the same for reinsurance companies, which may not write direct life or non-life insurance business. A direct life insurer may not write reinsurance, but a non-life insurer may write direct insurance and reinsurance.

OJK Authority

The OJK is the primary regulatory authority for insurance businesses and has the authority to issue regulations and policies applicable to insurance companies and also conduct day-to-day supervision over the companies.

OJK approval is required for any change in shareholdings of an insurance company (save for listed companies where there is no change in control). Further, all controlling shareholders, directors and commissioners of an insurance company are required to pass a 'fit and proper' test administered and evaluated by the OJK. OJK approval is also required for each product sold by the insurance company as well as any bancassurance agreements entered into by the insurance company. Based on OJK Circular Letter No. 31/SEOJK.05/2022 on Marketing Channels for Insurance Products through Bancassurance, the Bancassurance letter of approval from the OJK is not required in cases where (i) the insurance company will market its insurance products through bancassurance with a reference business model; or (ii) the insurance company has obtained a bancassurance letter

of approval and there are alterations to the insurance product which is the object of the bancassurance agreement, where these changes do not result in potential changes or additional insurance risk in such insurance product and there will be no changes to the business model which had previously been approved by the OJK.

Single Presence Policy

Under the Single Presence Policy, an entity can only be a “controlling shareholder” in: (i) one life insurance company; (ii) one general insurance company; (iii) one reinsurance company; (iv) one Shariah life insurance company; (v) one Shariah general life insurance company; and (vi) one Shariah reinsurance company.

Under the relevant regulations, a “controlling shareholder” is defined as an individual, a legal entity and/or a business group that (a) owns 25% (or more) of the issued shares with voting rights or capital; or (b) owns less than 25% of the issued shares with voting rights but where it is proven that the individual, legal entity and/or business group has control.

In order to comply with the Single Presence Policy, a controlling shareholder may undertake any of the following: (i) a merger of the entities within its control; (ii) a consolidation of entities within its control; (iii) a divestment of a portion or all of its shareholding in the insurance company; or (iv) any other corporate action based on OJK’s approval, including a rights issue where the controlling shareholder does not exercise its rights to acquire newly issued shares under the rights issue.

The Single Presence Policy came into force on 17 October 2017 and each affected insurance company was required to submit an action plan to comply with the Single Presence Policy requirements by 23 June 2017 at the latest. OJK has discretion to determine the length of any grace period offered to the parties in terms of timing for compliance with the Single Presence Policy.

Foreign Ownership in an Indonesian Insurance Company

Foreign equity ownership in an Indonesian insurance company is capped at a maximum of 80% following a subscription for or purchase of shares, except that an insurer with existing foreign ownership in excess of the 80% limit prior to April 2018 will be grandfathered (and no sell down will be required).

In order to participate directly in the insurance company, the foreign entity must also be an insurance company or a holding company having one of its subsidiaries conducting an insurance business. Besides being in the same line of business as the Indonesian company, the foreign shareholder must also satisfy certain various requirements under the insurance rules and OJK regulations.

Asset Management Regulatory Framework

An investment management company (manajer investasi) is subject to the authority of a different department in the OJK (i.e., primarily the OJK Capital Markets department).

In general, investment management companies may fall under the category of securities companies and as such shall also be subject to the relevant regulations. Bapepam-LK Regulation No. V.A.3 as amended states that investment management can only be conducted by a securities company that has obtained an investment management licence.

A licensed investment management company may choose to surrender its license to the OJK by submitting a written request. The OJK will subsequently revoke the license, provided that the company has: (i) obtained approval from its shareholders for the decision; (ii) published the decision in at least one national newspaper; and (iii) settled all liabilities with its customers. On 6 March 2025, the OJK approved the surrender of PT FWD Asset Management's investment management licence as a first step of its voluntary liquidation, which is expected to complete in 2025.

Foreign Ownership in an Indonesian Investment Management Company

Foreign equity ownership in an Indonesian investment management company is capped at a maximum of 85% foreign ownership for non-securities company entities and 99% for foreign entities that are licensed as a securities company in their respective jurisdiction.

Capitalisation

Under OJK Regulation No. 23 of 2023 on Licensing and Organisation of Insurance, Sharia Insurance, Reinsurance and Sharia Reinsurance Companies ("**OJK Regulation No. 23**"), the minimum paid up capital for an insurance company is IDR1 trillion for newly established insurance companies and IDR2 trillion for newly established reinsurance companies.

Existing insurance and reinsurance companies (i.e., companies that have obtained business licences prior to the issuance of OJK Regulation No. 23) are grandfathered from this minimum paid up capital requirement. However, acquisition of the insurance or reinsurance company outside of a restructuring of the company's group will trigger the obligation for that company to comply with the minimum paid up capital requirement.

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OJK Regulation No.23 also imposes a requirement for all insurance and reinsurance companies to raise their equity gradually in two stages: first by 31 December 2026, and finally by 31 December 2028. By this latter date, insurance and reinsurance companies (which are categorised into either “Equity Group 1” or “Equity Group 2” depending on their actual equity) must meet the following minimum equity thresholds:

- (a) in relation to Equity Group 1 companies, IDR500 billion for insurance companies and IDR1 trillion for reinsurance companies; and
- (b) in relation to Equity Group 2 companies, IDR1 trillion for insurance companies and IDR 2 trillion for reinsurance companies.

Equity Group 1 companies, unlike Equity Group 2 companies, are prohibited from issuing insurance products that are not categorised as simple insurance products. FWD Indonesia has implemented measures to be in full compliance with the new regulation.

Minimum solvency ratio (Risk-Based Capital)

Under OJK Regulation No.71, an insurance company must maintain an internal solvency ratio of 120% of its minimum risk-based capital.

Guarantee Fund

Under the Indonesia Insurance Law, an insurance company must set aside a guarantee fund for purposes of protecting policyholders and ensure the company’s ability to make partial or all payments due to policyholders or insured parties in the event the company is liquidated.

As governed by OJK Regulation No.71, the amount of the guarantee fund shall be determined by the OJK depending on the company’s business but shall not be less than (at least) 20% of the issued capital of the company, which shall be the initial guarantee fund set aside upon the company’s application for an insurance business licence.

The company may not put any encumbrance on the fund and any transfer or disbursement must be with prior OJK approval.

The obligation to provide a guarantee fund does not apply to insurance companies enrolled in the insurance policy guarantee program. As of the Latest Practicable Date, no insurance policy guarantee program has yet been established in Indonesia. Once the new provisions of the insurance policy guarantee program under Indonesia Insurance Law are fully implemented, the aforementioned requirements for Indonesian insurance companies will be revoked.

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For details of the risk in relation to such guarantee funds, see *“Risk Factors – The failure of other insurance companies could require our operating entities to increase their contributions to industry-wide policyholder protection funds and could undermine consumer confidence.”*

Fit and Proper Test

There is an obligation for the prospective controlling shareholder(s) of an insurance company and other key parties to pass a “fit and proper” test. Pursuant to OJK Regulation No. 27/POJK.03/2016 on Fit and Proper Test for Key Parties in Financial Services Companies (**“OJK Regulation No.27”**), the above obligation applies also to the following parties which are considered as “Key Parties” of an insurance company:

- (i) controlling shareholder (Pemegang Saham Pengendali);
- (ii) insurance company controller (Pengendali Perusahaan Asuransi);
- (iii) board of directors members;
- (iv) board of commissioners members;
- (v) Shariah supervisory board members;
- (vi) the internal auditor; and
- (vii) appointed actuary of the insurance company.

Based on OJK Regulation No.27, the “fit and proper” process will take 30 business days following receipt of the complete “fit and proper” application documents by OJK. However, in practice, it typically takes 3-6 months to get the submission completed and the approval issued.

Products

Under OJK Regulation No. 8 of 2024 on Insurance Product and Distribution Channel of Insurance Products (**“OJK Regulation No.8”**), prior approval from the OJK is only required to distribute the following insurance products:

- (i) new insurance products;
- (ii) existing insurance products with changes to the products risk and/or cash value calculation; or

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- (iii) insurance products that: (a) have an element of savings (such as investment-linked products) or cash value; (b) is a credit insurance product; or (c) is a surety product from either conventional or sharia insurance companies.

Insurance products that do not fulfill the above criteria are only required to be notified to OJK.

Subsequently, all product policy modifications must be notified to the OJK.

If a product is marketed through a bancassurance arrangement, the insurers must seek OJK approval for each product that they sell (and must meet certain requirements for the sale of investment-linked products) and approval for the relevant bancassurance product agreements (except for bancassurance with a reference business model). All insurance products distributed through this arrangement must be subject to a co-operation agreement (i.e., a bancassurance product agreement).

In addition to the above, on 13 March 2022, the OJK released an OJK Circular Letter No. 5/SEOJK.05/2022 on Investment-Linked Insurance Products ("**Circular 5/2022**"), which covers product design, underlying investments and the ILP sales process, the provisions of which have been fully in force since 13 March 2023.

Further, as of 13 December 2023, the OJK issued OJK Regulation No. 20 of 2023 on Insurance Product Associated with Credit or Financing and Suretyship or Suretyship Sharia ("**OJK Regulation No.20**"). OJK Regulation No.20 specifically prohibits credit life insurance products which underwrites risks outside of death; total or partial permanent disability due to accident; and/or critical illness. This regulation also provides that the initial acquisition fee for credit life insurance products is set at a maximum of 10% of the premium or contribution rate.

In relation to health insurance products, on 19 May 2025, OJK has introduced Circular No. 7/SEOJK.05/2025 of Administration of Health Insurance Products ("**OJK Circular No. 7**"), which sets out the following criteria for health insurance products:

Indemnity-based insurance products, with:

- (i) a maximum 'inner limit' on a per-benefit basis; or
- (ii) a maximum 'annual limit' or 'life limit' for multiple benefits.

Managed care insurance products, which covers

- (i) health promotion or education;
- (ii) preventive care for certain illnesses;

- (iii) curative care for certain illnesses;
- (iv) rehabilitation; or
- (v) palliative care.

Under OJK Circular No. 7, all health insurance products, save for health insurance products with a coverage of 3 months or shorter, must have a waiting period of no longer than:

- (i) 30 days; or
- (ii) one year, for health insurance products relating to critical chronic or specific conditions.

Lastly, OJK Circular No. 7 requires health insurance products to have features that allow coordination of benefits across multiple insurance providers. Such coordination must be conducted with due observance of prudential principles of implementation adequate risk management measures.

The requirements above will be effective from 1 January 2026. Existing life insurance products which are: (i) extended automatically; and (ii) have been approved by OJK or notified to OJK prior to 1 January 2026, must be adjusted to comply with the requirements of OJK Circular No. 7 by 31 December 2026.

Reporting requirements

Reporting requirements for insurance companies fall into two categories, i.e., (i) regular OJK reporting requirements, which refer to the periodical reporting obligations on the company's financial and operational condition; and (ii) mandatory OJK reporting requirements, which are submitted in relation to specific matters, which include the address and the articles of association of the insurance company and the insurance products marketed.

Failure to comply with these reporting requirements are subject to administrative sanctions ranging from written warnings and adjustment of financial soundness levels to imposition of fines by the OJK.

Distribution channels

Under OJK Circular Letter No. 19/SEOJK.05/2020 on Insurance Product Distribution Channels as amended by OJK Circular Letter No. 30/SEOJK.05/2022 ("**Circular 19/2020**") and OJK Regulation No.8, insurance products can only be sold through (i) direct marketing;

(ii) agency; (iii) bancassurance; (iv) non-bank entities (“**BUSB**”) and (v) agents for micro insurance products. The insurance company is required to have a written agreement with the party that is selling the insurance product.

BUSBs may only distribute the insurance products through referrals. Businesses that operate the following distribution channels are required to obtain prior approval from the OJK: (i) bancassurance; (ii) cooperation with a BUSB which uses electronic systems; and (iii) an agent which implements Laku Pandai (Financial Services in the Framework of Financial Inclusion). All insurance companies that came into operation prior to the enactment of Circular 19/2020 must comply with Circular 19/2020 within one year of its enactment.

Insurance Agents

OJK Regulation No. 69/POJK.05/2016 (last amended by OJK Regulation No. 36 of 2024) requires an insurance company to ensure that, among other things:

- (i) the insurance agents it employs are certified and registered with OJK;
- (ii) the insurance agent and insurance company enter into a written agreement;
- (iii) the insurance agent from a previous insurance company has completed all obligations from the previous company; and
- (iv) if its insurance agent no longer acts as its insurance agent, the insurance company must notify the relevant customer of its replacement agent or customer service officers.

Further, since 23 June 2025, insurance companies are also subject to the following additional requirements in relation to their insurance agents:

- (i) prohibition from using proxy insurance agents;
- (ii) requirement to develop and implement internal behaviour control procedures applicable to insurance agents;
- (iii) prohibition from closing insurance products with a coverage period of more than 1 year from products held by policyholders, insured parties or participants and owned by agents from their previous insurance company with a period of less than 1 year; and
- (iv) if an insurance agent no longer acts as their insurance agent, notify such resignation to the insurance association.

Investment-linked insurance products

Under Circular 5/2022, insurance companies selling investment-linked insurance products must comply with certain offering, marketing, management of assets and operational requirements. These requirements relate to the infrastructure which the insurance companies must maintain (including investment management and reporting capability), the underlying investments which may be offered in connection with investment-linked insurance companies, product terms and conditions (including minimum coverage benefits) and capital requirements.

Mandatory spin-off of sharia insurance business units

Indonesia Insurance Law requires conventional insurance companies that have a sharia business unit to spin-off such unit so that the sharia business is conducted through a separate legal entity (a limited liability company). Under OJK Regulation No. 11 of 2023 on Spin-off of Sharia Business Units for Insurance and Reinsurance Companies ("**OJK Regulation No. 11**"), this obligation applies to insurance companies with:

- (i) an aggregated tabarru' and sharia investment funds amounting to at least 50% of the aggregated insurance, tabarru' and investment funds in the insurance company; and
- (ii) a minimum sharia unit equity of IDR100 billion (for insurance business units) and IDR200 billion (for reinsurance business units).

Insurance companies conducting a spin-off of its sharia business unit shall first obtain OJK approval for its spin-off plan and any of its subsequent changes. Initially, the deadline for insurance companies to comply with the requirement to spin-off its sharia business units was set at 17 October 2024. However, according to OJK Regulation No. 11, this deadline has been extended to 31 December 2026. FWD Indonesia expects to complete the spin-off of its sharia business by June 2026.

Digital Insurance Services

Insurance companies that close insurance products digitally or without physically meeting the insured parties or participants are deemed to conduct digital insurance services. Since 23 June 2025, insurance companies planning to conduct digital insurance services must first obtain (i) OJK approval and (ii) registration as an electronic system organiser. Insurance companies with existing digital insurance services are required to comply with the new requirements by 23 December 2025.

Human Resources

Under OJK Regulation No. 34 of 2024, effective from 23 June 2025, insurance companies are required to allocate at least 3.5% of the total realisation of employee expenses (including directors, commissioners and sharia supervisory board) for each financial year towards the education and training of their human resources. Furthermore, insurance companies will also be required to enroll their employees in:

- (i) a work competency certification in the insurance sector as determined by OJK;
- (ii) competency certification from outside of the insurance sector; or
- (iii) other competency trainings.

Lastly, insurance companies will also be required to implement a human resource development system. FWD Indonesia is currently in the process of implementing the requirements under the new regulation.

Laws and Regulations Relating to the Group's Business and Operations in Singapore

Overview

FWD Singapore is licensed by the Monetary Authority of Singapore (the “**MAS**”) to underwrite and sell both life and general insurance pursuant to the Insurance Act 1966 (the “**Singapore Insurance Act**”). In particular, FWD Singapore may carry on any of the following activities in Singapore relating to both life insurance and general insurance: the receipt of proposals for policies; the issuing of policies; and the collection or receipt of premiums on insurance policies.

Furthermore, FWD Life (Bermuda) has a branch in Singapore which holds a licence from the MAS as a direct life insurer to carry on life business in Singapore serving a defined market segment. Under this licence, the branch may write life policies as well as long-term accident and health policies.

An insurer in Singapore must pay a prescribed annual fee.

Capital Requirements, Minimum Solvency and Dividends

Licensed insurers in Singapore are subject to a risk-based capital framework. The framework sets out the valuation methodology for assets and liabilities, rules relating to the operations of life insurance funds, capital requirement rules, the role of actuaries, and a set of statutory reporting standards. An insurer has to notify the MAS when it has failed or is likely to fail to comply with the mandated risk-based capital indicators or when a financial resources warning event has occurred or is likely to occur. A licensed insurer is required at all times to maintain a minimum level of paid-up ordinary share capital and to ensure that its

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financial resources are not less than the minimum thresholds set by MAS. Regulations issued under the Singapore Insurance Act require FWD Singapore and FWD (Life) Bermuda (in respect of its Singapore branch) to maintain minimum paid-up capital of at least SGD10 million. In addition, FWD Singapore and FWD (Life) Bermuda (in respect of its Singapore branch) have to meet the capital adequacy requirements prescribed by the Singapore Insurance Act, i.e. the financial resources of FWD Singapore and FWD (Life) Bermuda (in respect of its Singapore branch) must not at any time be less than (a) the amount of the total risk requirement at the higher solvency intervention level, or SGD5 million, whichever is higher; and (b) the amount of the total risk requirement at the lower solvency intervention level, or SGD5 million, whichever is higher.

Under the One-Tier Corporate Taxation System, the tax on corporate profits is final and dividends paid by a Singapore-resident company are tax-exempt in the hands of shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

No dividend shall be payable to the shareholders of any company incorporated in Singapore except out of profits and any profits of a company applied towards the purchase or acquisition of its own shares in accordance with the relevant provisions of the Companies Act 1967, shall not be payable as dividends to the shareholders of the company. There are no general regulatory restrictions against the payment of dividends by insurers in Singapore.

Separate Accounts Requirement

Every licensed insurer is required to establish and maintain a separate insurance fund (a) for each class of insurance business carried on by the insurer that (i) relates to Singapore policies and (ii) relates to offshore policies; (b) for its investment-linked policies and for its non-investment-linked policies; and (c) if no part of the surplus of assets over liabilities from an insurer's non-participating policies is allocated by the insurer by way of bonus to its participating policies, in respect of non-investment-linked policies (i) for participating policies and (ii) for non-participating policies.

A licensed insurer is also required to fulfil fund solvency requirements in respect of any insurance fund established and maintained by that insurer. In this regard, the licensed insurer must ensure that the total assets of the fund must not at any time be less than the total liabilities of the fund.

Regulation of Products

A licensed insurer registered to carry on life business may only issue a life policy or a long-term accident and health policy if the premium chargeable under the policy is in accordance with rates fixed with the approval of an appointed actuary or, where no rates have been so fixed, is a premium approved by the actuary. FWD Singapore and the Singapore branch of FWD (Life) Bermuda are also required to seek approval from MAS when they are offering a life insurance product (including long term accident and health policy, but

excluding term life policy having a duration of five years or less and direct purchase insurance product) with any product feature that is entirely new to the life insurance industry in Singapore. Request for approval must be made no later than one month before the proposed official launch date of the product. It is also a licensing condition of FWD Singapore that FWD Singapore shall consult and obtain the approval of MAS before introducing policies for general business insuring risks which have not been previously written in the Singapore insurance market.

Personal Data Protection

The Personal Data Protection Act 2012 of Singapore establishes the baseline regime for the protection of personal data in Singapore. The PDPA applies to all organisations that collect, use, disclose, and/or process personal data. The PDPA is administered and enforced by the Personal Data Protection Commission of Singapore. In this regard, “personal data” as defined under the PDPA refers to data, whether true or not, about an individual who can be identified (a) from that data or; (b) from that data and other information to which the organisation has or is likely to have access to.

An organisation is required to comply with, amongst other things, the data protection obligations prescribed by the PDPA, which may be summarised as follows:

- (a) Consent obligation – the consent of individuals must be obtained before collecting, using, disclosing and/or processing their personal data, unless an exception applies. Additionally, an organisation must allow the withdrawal of consent by an individual which has been given or is deemed to have been given;
- (b) Purpose limitation obligation – personal data must be collected, used, disclosed, and/or processed only for purposes that a reasonable person would consider appropriate in the circumstances, and if applicable, have been notified to the individual concerned;
- (c) Notification obligation – individuals must be notified of the purposes for the collection, use, disclosure, and/or processing of their personal data, prior to such collection, use, disclosure, and/or processing;
- (d) Access and correction obligations – when requested by an individual and unless an exception applies, an organisation must: (i) provide that individual with access to his personal data in the possession or under the control of the organisation and information about the ways in which his personal data may have been used or disclosed during the past year, and/or (ii) correct an error or omission in his personal data that is in the possession or under the control of the organisation;

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- (e) Accuracy obligation – an organisation must make reasonable efforts to ensure that personal data collected by or on its behalf is accurate and complete if such data is likely to be used by the organisation to make a decision affecting the individual to whom the personal data relates or if such data is likely to be disclosed to another organisation;
- (f) Protection obligation – an organisation must implement reasonable security arrangements to protect personal data in its possession or under its control from (i) unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks, and (ii) the loss of any storage medium or device on which personal data is stored;
- (g) Retention limitation obligation – an organisation must anonymise or must not keep personal data for longer than it is necessary to fulfill; (i) the purposes for which it was collected, or (ii) a legal or business purpose;
- (h) Transfer limitation obligation – personal data must not be transferred out of Singapore except in accordance with the requirements prescribed under the PDPA. In this regard, an organisation must, amongst other things, ensure that the recipient of the personal data in that country outside Singapore is bound by legally enforceable obligations to provide the transferred personal data a standard of protection that is at least comparable to the protection under the PDPA;
- (i) Accountability obligation – an organisation must implement the necessary policies and procedures in order to meet its obligations under the PDPA, communicate and inform their staff about these policies and procedures, as well as make information of such policies and procedures available on request. In addition, an organisation must develop a process to receive and respond to data-related complaints, and must designate at least one individual as the data protection officer to oversee the organisation's compliance with the PDPA;
- (j) Data breach notification obligation – an organisation must notify the PDPC and/or the affected individuals if it has suffered a data breach that meets the notification thresholds prescribed under the PDPA (i.e. the data breach is or is likely to be of significant scale, or has caused or is likely to cause significant harm to the affected individuals). The organisation is expected to expeditiously assess the severity of the breach, and the timeline to notify the PDPC is three calendar days of the organisation assessing that a notification threshold has been met; and
- (k) Data portability obligation – the data portability obligation (which is not yet in force as at the Latest Practicable Date) grants individuals with an existing direct relationship with an organisation the right to request for a copy of their personal data to be transmitted in a commonly used machine-readable format to another

REGULATORY OVERVIEW AND TAXATION

organisation which has a business presence in Singapore. The exact scope and applicability of this right will be delineated by the relevant regulations and guidelines to be published by the PDPC.

The maximum financial penalty that can be imposed on organisations is SG\$1.0 million, or 10% of the organisation's annual turnover in Singapore, whichever is higher. The severity of the penalties will be assessed based on, amongst other things, the amount of personal data involved, and the degree of harm caused to individuals.

Laws and Regulations Relating to the Group's Business and Operations in Vietnam

The below describes the rules and regulations that are material to FWD Vietnam, the Group's business in Vietnam, which holds an establishment and operation licence issued by the Ministry of Finance.

Overview

In Vietnam, the Law No. 08/2022/QH15 on Insurance Business (the "**Law on Insurance Business**") was promulgated on 16 June 2022 and came into effect from 1 January 2023. Subsequently, the Government of Vietnam issued Decree No. 46/2023/NĐ-CP ("**Decree 46**") on 1 July 2023 and the Ministry of Finance of Vietnam issued Circular No. 67/2023/TT-BTC ("**Circular 67**") on 2 November 2023 providing guidelines for implementation of the Law on Insurance Business.

A new decree on handling administrative offenses, reflecting the new insurance regulations—Decree No. 174/2024/NĐ-CP—was issued on 30 December 2024. This decree has taken effect on 15 February 2025, with certain articles scheduled to come into force on 1 January 2028.

The main governmental authority who is responsible for supervising and controlling of the insurance company activities is the Ministry of Finance, especially the Insurance Supervisory Authority (a subordinate department within the Ministry of Finance). The Ministry of Finance takes full responsibilities before the Government in exercising the State management of the insurance business sector pursuant to Article 151.2 of the Law on Insurance Business. The Insurance Supervisory Authority, on the other hand, advises and assists the Ministry of Finance in implementing the State management of the insurance business sector and directly manages and supervises (i) insurance business activities and (ii) services in the insurance business sector in accordance with the laws, per Article 1 of Decision No. 1799/QĐ-BTC.

Capital Requirements, Solvency and Dividends

It is required that the paid-up charter capital must be at least equal to the level of legal capital set forth under Decree 46. The minimum legal capital varies depending on the type of insurance provided by an insurance company. For example, an insurance company that

provides life insurance, health insurance, and unit-linked insurance must have a minimum legal capital of VND1,000 billion. The minimum legal capital will increase to VND1,300 billion if an insurance company also provides pension insurance. An insurance company must deposit an amount equal to 2% of its charter capital into an escrow account opened at a licensed commercial bank in Vietnam. Insurance companies with charter capital lower than the minimum legal capital set forth under Decree 46 shall fulfill the supplement of their charter capital prior to 1 January 2028. Any change to the charter capital must be approved by the Ministry of Finance. FWD Vietnam's charter capital is in full compliance with the requirements of Decree 46.

Under Decree 46, an insurance company or a reinsurance company is obliged to make an annual appropriation of 5% of its after-tax profit to establish a compulsory reserve fund. The maximum amount of the compulsory reserve fund shall be equal to 10% of its charter capital.

The insurance company shall be deemed to satisfy the solvency requirements if (i) it has fully established the insurance reserves; and (ii) its solvency margin is not less than the minimum solvency margin stipulated by relevant governmental decree. The Law on Insurance Business introduces regulations on risk based capital, replacing the regulation on solvency margin, a guidance of which is expected to be issued by the Ministry of Finance. It is anticipated that the new RBC model and framework will be drafted and finalised by the fourth quarter of 2026 or the first quarter of 2027. There will be a transition period of 5 years from 1 January 2023 to 1 January 2028 that allows the insurers to fully comply with the new regulations.

Product approval

The Law on Insurance Business introduces a new mechanism for approval of life and accident and health products where the Ministry of Finance will no longer review and approve the terms and conditions of a product together with its technical specification, but rather only review and approve the technical specification of a product, which will be subject to a template provided by the Ministry of Finance with stricter pricing assumptions.

Reinsurance

In addition to other conditions in this regulatory framework, under Decree 46, reinsurance companies must satisfy the following requirements to conduct life reinsurance business (i) a minimum legal capital of VND900 billion; and (ii) the insurance reserves and the capital adequacy ratio are similar to those of life insurance businesses. In particular, reinsurance companies must comply with the new risk-based capital framework set forth under the Law on Insurance Business with a five-year grace period ending on 1 January 2028.

Other Material Changes under the Law on Insurance Business

Prior to 2023, foreign investors were permitted to own up to 100% of the charter capital or shares of an insurance or re-insurance company in Vietnam, subject to a case by case approval of the licensing authority. However, the Law on Insurance Business has confirmed clearly that foreign investors are allowed to own 100% shares or charter capital of insurance and reinsurance companies according to Vietnam's commitments in World Trade Organization and other international treaties.

Under the Law on Insurance Business, insurers will be more autonomous in their business activities while the role of the regulators will be to provide oversight, promote transparency, and the healthy development of the insurance market. For example, the Law on Insurance Business supplements the duties and powers of the Ministry of Finance in the management, supervision, inspection, and handling of violations of the Law on Insurance Business, such as establishing a mechanism to share management and supervisory information with the State Bank of Vietnam and other ministries related to insurance business activities.

Under the Law on Insurance Business, the scope of agency activities will be limited to certain types of activities compared to those under the previous law on insurance business, which are open for agreement between the insurance companies and the agencies. Also, due to recent incidents concerning the practice of bancassurance in Vietnam, the Government and the Ministry of Finance have introduced stricter measures and requirements with respect to the distribution of insurance products via banks through Decree 46 and Circular 67, including restrictions on compensation and additional requirement on sales flow. Specifically, banks are forbidden from providing advice, making introductions, offering, or facilitating the conclusion of investment-linked insurance policies for customers within 60 days before and 60 days after the complete disbursement of a loan. These changes will impact the operation of the agencies and bancassurance system.

Recognising the application of technology in insurance business, for the first time, the Law on Insurance Business provides general regulations for the sale of insurance products via online channels. Accordingly, insurers, foreign insurer's branches, insurance agencies, insurance brokers, and microinsurance companies are permitted to offer their certain products and services via online channels. These entities must set up, maintain and operate adequate IT system for such distribution and service.

The Law on Insurance Business also introduces stricter disclosure requirements.

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New Law on Credit Institutions

The new Law on Credit Institutions was passed by the National Assembly on 18 January 2024 and took effect from 1 July 2024, which introduces certain articles (Articles 15.5 and 113.2) impacting bancassurance activities. The new law prohibits banks from combining the sale of insurance products with the provision of banking products and services in any manner.

Personal Data Protection

In Vietnam, Decree on Personal Data Protection (the “**DPDP**”) No. 13/2023/ND-CP dated 17 April 2023 took effect on 1 July 2023. The DPDP sets out strict regulations on personal data protection that will heavily affect the current practice of domestic and foreign individuals/entities concerning the processing of personal data. Under the DPDP, personal data has been defined as information in the form of symbols, letters, numbers, images, sounds, or in similar form in an electronic environment that is associated with a particular person or helps to identify a particular person. The DPDP requires data controllers and data controllers cum processors to follow certain rules when processing personal data. Failing to comply with the DPDP may result in suspension of certain activities, such as the processing or overseas transfer of data, and may lead to administrative penalties, although specific regulations have not yet been established.

Laws and Regulations Relating to the Group’s Business and Operations in Malaysia

Overview – Takaful Operator

FWD Takaful is regulated by the Ministry of Finance in Malaysia and the Central Bank of Malaysia, Bank Negara Malaysia (“**BNM**”). FWD Takaful carries on family takaful business including investment-linked business, and is licensed under the Islamic Financial Services Act 2013 (“**IFSA**”).

The Malaysian statute that provides for takaful business requirements is the IFSA. BNM is the regulatory body responsible for administering the IFSA, and supervising and regulating the conduct of takaful operators in Malaysia. BNM has broad powers, which include the power to request for the submission by a takaful operator of documents or information as may be required by BNM, make regulations with the approval of the Ministry of Finance in Malaysia, and issue policy documents, guidelines, circulars or notices relating to the conduct of the business and affairs of a takaful operator.

In carrying out its business activities, a takaful operator is required to comply with the IFSA, and the regulations and policies imposed by BNM. In addition, a takaful operator is required to comply with applicable Shariah law and ensure that its operations are consistent with principles of Islamic laws applicable to its business.

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The Shariah authority of Malaysia in Islamic Finance is the Shariah Advisory Council. The Shariah Advisory Council was established by BNM and is the Shariah authority referred to by local courts and arbitrators in disputes involving Shariah issues in Islamic banking, finance and takaful cases. The resolutions passed by the Shariah Advisory Council on the interpretation of Shariah law and principles are applicable to all Islamic financial institutions, including takaful operators.

A takaful operator is required to establish a Shariah committee. The Shariah committee must consist of a minimum of five members approved by BNM. The main duties and responsibilities of the Shariah committee are to ensure that the takaful operator's aims and operations, business, affairs and activities are in compliance with Shariah. This includes providing a decision or advice to the takaful operator on the application of any rulings of the Shariah Advisory Council or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the takaful operator, deliberating and affirming a Shariah non-compliance finding by any relevant functions, and endorsing a rectification measure to address a Shariah non-compliance event.

Overview – Life Insurer

FWD Life Malaysia is regulated by the Ministry of Finance in Malaysia and BNM. FWD Life Malaysia carries on life insurance business and is licensed under the Financial Services Act 2013 (“FSA”).

In carrying out its business activities, a life insurer is required to comply with the FSA, the Malaysian statute that provides for life insurance business requirements, and the regulations and policy documents, guidelines, circulars or notices relating to the conduct of the business and affairs of a life insurer imposed by BNM.

Capital Requirements, Solvency and Dividends

A takaful operator or a life insurer is required to maintain at all times a minimum paid-up share capital of RM100,000,000. Presently, all takaful operators or life insurers are subject to a supervisory target capital level of 130%, which is a benchmark used in establishing their own higher individual target capital level, and are expected to maintain their capital adequacy ratio above their individual target capital level. In computing the capital adequacy ratio percentage, factors such as retained profits and general reserves are taken into account. When a takaful operator or a life insurer breaches its individual target capital level but remains above the supervisory target capital level of 130%, BNM will assess the circumstances and the takaful operator's or life insurer's remedial plans to restore its capital adequacy ratio above its individual target capital level, before deciding on the level of supervisory intervention required. Continued deterioration of a takaful operator or a life insurer capital adequacy ratio below its individual target capital level will attract increasing levels of supervisory attention from BNM. Failure to maintain the supervisory target capital level will attract supervisory actions by BNM including business restrictions and/or

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restructuring measures, and potentially actions to resolve the financial position of a takaful operator or a life insurer. A takaful operator or life insurer must maintain at all times assets of equivalent or higher value than the liabilities of the takaful fund or insurance fund, as the case may be.

In the case of a takaful operator, where a deficiency arises, the takaful operator is required to provide qard or other forms of financial support to the takaful fund from the shareholders' fund for an amount and on such terms and conditions as may be specified by BNM.

A takaful operator or a life insurer may only withdraw from a takaful fund or an insurance fund, as the case may be, whether from surplus or otherwise of the takaful fund or insurance fund, if the withdrawal requirements as may be specified by BNM are complied with, the withdrawal does not impair the sustainability of the takaful fund or the insurance fund to meet its liabilities, and the interests and fair treatment of takaful participants or policy owners including their reasonable expectations, have been given due regard. A takaful operator or a life insurer must obtain the prior written approval of BNM for all declarations and payments of any dividends. In addition to the restrictions on withdrawal from a takaful fund or an insurance fund and declaring and paying dividends above, the Companies Act 2016 provides that a Malaysian company may only make a distribution to its shareholders out of profits of the company available if the company is solvent.

Acquisition of interest in shares requiring BNM approval

A person is prohibited from entering into an agreement or arrangement to acquire any interest in shares in a takaful operator or a licensed insurer, which will result in the person holding an aggregate of 5% or more interest in the shares of the takaful operator or the licensed insurer, without the prior approval of BNM or the Ministry of Finance in Malaysia (acting on the recommendation of BNM), as the case may be.

Laws and Regulations Relating to the Group's Business and Operations in Bermuda

Overview

FWD Life (Bermuda) is regulated in respect of its insurance business by the Bermuda Monetary Authority (the “**BMA**”) in Bermuda. FWD Life (Bermuda) is subject to the Bermuda Insurance Act 1978 and related regulations, each as amended (the “**Bermuda Insurance Act**”) which provides that no person shall carry on any insurance business in or from within Bermuda unless registered as an insurer under the Bermuda Insurance Act by the BMA. Further, a registered insurer shall not engage in any non-insurance business except where such business is ancillary to the insurance business carried on by the insurer. The Bermuda Insurance Act imposes solvency and liquidity standards, as well as auditing and reporting requirements on Bermuda insurance companies. The Bermuda Insurance Act also grants to the BMA powers to supervise, investigate, discipline, censure and intervene in the affairs of Bermuda registered insurance companies and its officers/operators.

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Furthermore, FWD Life (Bermuda) is also regulated in Hong Kong. For details, see “– *Laws and Regulations Relating to the Group’s Business and Operations in Hong Kong.*”

Bermuda Licences held by FWD Life (Bermuda)

The Bermuda Insurance Act distinguishes between insurers carrying on long-term business, insurers carrying on general business and insurers carrying on special purpose business. FWD Life (Bermuda) is registered in Bermuda as a Class 3 general business insurer and a Class E long-term insurer under the Bermuda Insurance Act and, as such, has the authority to conduct both general and life insurance business as a composite insurer under the Bermuda Insurance Act except that FWD Life (Bermuda) is required to obtain the BMA’s prior written approval before it effects any contracts of insurance or reinsurance with respect to its Class 3 general business licence. As of the Latest Practicable Date, FWD Life (Bermuda) does not conduct any general business.

Capital and Solvency Requirements

A composite insurer like FWD Life (Bermuda) is required to maintain a fully paid up share capital of at least US\$370,000. In addition, the Bermuda Insurance Act and its subsidiary regulations, rules and guidance notes issued by the BMA as may be amended from time to time on capital and solvency requirements include the requirement that the statutory assets of an insurer must exceed its statutory liabilities by an amount greater than the prescribed minimum solvency margin.

The minimum solvency margin requirement in respect of a Class E insurer’s long-term business is the greater of:

- (i) US\$8,000,000;
- (ii) 2% of assets of first US\$500,000,000 plus 1.5% of the reported assets above US\$500,000,000; and
- (iii) 25% of the enhanced capital requirement (“**ECR**”) as reported at the end of the relevant year.

Class E insurers are also required to maintain available statutory economic capital and surplus at a level equal to or in excess of its ECR established in accordance with the Bermuda Insurance Act.

While not specifically referred to in the Bermuda Insurance Act, the BMA has also established a target capital level (“**TCL**”) for each Class E insurer equal to 120% of its ECR. The TCL serves as an early warning tool for the BMA and if FWD Life (Bermuda) fails to maintain statutory capital at least equal to the TCL this will likely result in increased regulatory oversight.

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With respect to its general business, a Class 3 insurer is required to maintain a minimum solvency margin equal to the greatest of:

- (i) US\$1,000,000;
- (ii) 20% of net premiums written, where the net premiums written do not exceed US\$6,000,000; or, where the net premiums written do exceed US\$6,000,000, US\$1,200,000 plus 15% of net premiums written over US\$6,000,000; and
- (iii) 15% of loss, and loss expenses provisions, and other general business insurance reserves,

where “net premiums written” means, in relation to a Class 3 insurer, the net amount, after deductions of any premiums ceded by the insurer for reinsurance, of the premiums written by the insurer in that year in respect of general business.

If an insurer at any time fails to meet its minimum solvency margin requirements, it must, upon becoming aware of such failure, immediately notify the BMA and, within 14 days thereafter, file a written report with the BMA containing particulars of the circumstances that gave rise to the failure and setting out its plan detailing specific actions to be taken and the expected timeframe in which the insurer intends to rectify the failure.

Each insurer must comply with rules and guidance notes issued by the BMA prescribing, among other things, prudential or technical standards in relation to enhanced capital requirements, capital and solvency returns, insurance technical process, eligible capital, public disclosures and statutory financial returns. In particular, an insurer must comply with the Insurance (Prudential Standards) (Class D and Class E Solvency Requirement) Rules 2011 including the Guidance Notes for Commercial Insurers and Insurance Groups’ Statutory Reporting Regime and the Guidance Notes for Applications for Adjustments under Section 6D of the Insurance Act, the Economic Balance Sheet valuation principles therein and any subsequent rules or guidance notes.

The BMA may, on the application or with the consent of an insurer, exempt the insurer from, or allow it to modify (with any conditions the BMA considers as appropriate), certain requirements, including: compliance with specific licensing criteria and conditions, prudential or technical standards, the appointment of auditors, the preparation of financial statements and accounts and the maintenance of an applicable solvency margin. Additionally, the BMA may make adjustments to an insurer’s enhanced capital requirement, available statutory capital and surplus, total statutory capital and surplus, and available statutory economic capital and surplus, as it considers appropriate.

Dividends and Distributions Restrictions

As a long-term insurer, FWD Life (Bermuda) shall not declare or pay a dividend unless the value of its assets as certified by its approved actuary, exceeds its liabilities (as so certified) by the greater of its margin of solvency and its ECR and the amount of any such dividend shall not exceed that excess.

FWD Life (Bermuda) is prohibited from declaring or paying any dividends during any financial year if it is, or by virtue of paying such dividends would be, in breach of its applicable solvency margins, enhanced capital requirements or liquidity ratio. If FWD Life (Bermuda) fails to meet its applicable solvency margins or liquidity ratio on the last day of any financial year, it will be prohibited from declaring or paying any dividends during the next financial year without the approval of the BMA.

Also, FWD Life (Bermuda) shall not declare or pay a dividend to any person other than a policyholder unless the value of the assets of its long-term business fund, as certified by the insurer's approved actuary, exceeds the extent (as so certified) of the liabilities of the insurer's long-term business; and the amount of any such dividend shall not exceed the aggregate of:

- (i) that excess; and
- (ii) any other funds properly available for the payment of dividend.

Further, FWD Life (Bermuda) shall not in any financial year pay dividends which would exceed 25% of its total statutory capital and surplus, as shown on its statutory balance sheet in relation to the previous financial year, unless: at least seven days before payment of those dividends it files with the BMA an affidavit signed by: (a) at least two directors of the insurer (one of whom must be a director resident in Bermuda if the insurer has a director so resident), and (b) the insurer's principal representative in Bermuda, which states that in the opinion of those signing, declaration of those dividends has not caused the insurer to fail to meet its relevant margin.

The restrictions on declaring or paying dividends or distributions under the Bermuda Insurance Act are in addition to the solvency requirements under the Companies Act 1981 which restrict Bermuda companies from declaring or paying a dividend or making a distribution out of contributed surplus if there are reasonable grounds for believing that: (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the company's assets would thereby be less than its liabilities.

Laws and Regulations Relating to the Group's Business and Operations in the Cayman Islands

Overview

The below are our principal Group entities domiciled in the Cayman Islands:

- (i) our Company;
- (ii) FL;
- (iii) FGL; and
- (iv) FWD Reinsurance.

As entities domiciled in the Cayman Islands, each of the above entities will have obligations under the laws of the Cayman Islands. FWD Reinsurance is also licensed as a Class B Insurer by CIMA under the Insurance Act, and regulatory obligations in relation to the licence apply to FWD Reinsurance.

Licensing requirements

An insurance business must not be carried on in or from the Cayman Islands without a valid licence. FWD Reinsurance is licensed by CIMA as a Class B Insurer under the Insurance Act. A Class B licence allows the holder to carry on insurance business, other than domestic insurance business in the Cayman Islands, of which:

- (i) at least 95% of the net premiums written will originate from the insurer's related business;
- (ii) over 50% of the net premiums written will originate from the insurer's related business; or
- (iii) 50% or less of the net premiums written will originate from the insurer's related business.

FWD Reinsurance holds a Class B (iii) licence under the Insurance Act. A Class B (iii) licence only permits 50% or less of the net premiums written to originate from the insurer's related business. This means more than 50% of FWD Reinsurance's net written premiums must come from non-related business (i.e. third party business). Related business means business which will originate from the insurer's members or the members of any group with which it is related through common ownership or a common risk management plan, or as determined by CIMA.

Capital requirements

FWD Reinsurance must meet the minimum capital requirements and the prescribed capital requirements under the Insurance (Capital and Solvency) (Classes B, C and D Insurers) Regulations (2018 Revision) of the Cayman Islands (as amended). FWD Reinsurance must also have, among other things, an established risk management framework that is appropriate for the size and complexity of FWD Reinsurance and the nature of its risk exposures.

The capital requirement for Class B (iii) licensees are as follows:

- (i) General: minimum capital requirement of US\$200,000 and prescribed capital requirement of 15% of net earned premium (“NEP”) on the first US\$5,000,000, 7.5% of additional NEP up to US\$20,000,000 and 5% of additional NEP in excess of US\$20,000,000.
- (ii) Long-term: minimum capital requirement of US\$400,000 and a prescribed capital requirement that is equal to the minimum capital requirement.
- (iii) Composite: minimum capital requirement of US\$600,000 and a prescribed capital requirement which is an aggregate of the amount required to support the general business plus the minimum capital requirement.

FWD Reinsurance operates as a segregated portfolio company (“SPC”). FWD Reinsurance, as a single legal entity, must maintain the minimum net worth requirements under the Insurance Act. To ensure the viability of the SPC, CIMA expects each individual segregated portfolio will be solvent in its own right. In respect of each segregated portfolio, FWD Reinsurance must:

- (i) meet the prescribed margin of solvency;
- (ii) file annual returns with CIMA; and
- (iii) the annual returns in respect of each segregated portfolio must be prepared using the same financial year.

CIMA reporting requirements

An annual return must be filed within six months after the financial year end of FWD Reinsurance.

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Fit and proper directors and controllers

FWD Reinsurance must be controlled and managed by persons that CIMA regards as fit and proper. FWD Reinsurance must have a minimum of two executive directors. Any change in directors, officers and managers of FWD Reinsurance must be pre-approved by CIMA.

Any direct or indirect change of control or transfer or disposal of issued shares totalling more than ten per cent of the issued share capital or total voting rights of FWD Reinsurance must have the pre-approval of CIMA.

Business conduct requirements

FWD Reinsurance must comply with CIMA's regulatory measures in connection with the conduct of its business. This includes having regard to guidance in connection with outsourcing, corporate governance, record keeping, cybersecurity, marketing, internal controls, reinsurance arrangements and business continuity management.

FWD Reinsurance may only carry out its business in accordance with the business plan submitted to CIMA. Any changes to the business plan must have the prior written approval of CIMA.

Anti-money laundering, counter-terrorist financing, prevention of proliferation financing and financial sanctions compliance

All Cayman Islands entities must ensure that they comply with the financial sanctions applicable in the Cayman Islands. The Government of the United Kingdom passes Orders in Council extending United Nations and United Kingdom sanctions to its Overseas Territories, including the Cayman Islands. The FRA administers and coordinates the implementation of financial sanctions in the Cayman Islands. FWD Reinsurance as a "relevant institution" under Cayman Islands financial sanctions is required to report to the Governor of the Cayman Islands through the FRA if it knows or has reasonable cause to suspect that a person is an asset freeze target or has committed an offence under Cayman Islands sanctions. In this report, FWD Reinsurance must also state the nature and amount or quantity of any funds or economic resources held by it if an asset freeze target is a customer of FWD Reinsurance.

If any person resident in the Cayman Islands knows or suspects, or has reasonable grounds for knowing or suspecting, that another person is engaged in criminal conduct, is involved with terrorism or terrorist property or proliferation financing and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the FRA, pursuant to the Proceeds of Crime Act (as amended) of the Cayman Islands if the disclosure relates to criminal conduct, money laundering or proliferation financing; or (ii) a police officer of the rank of constable or higher, or the FRA, pursuant to the Terrorism Act (as amended) of the Cayman Islands, if the

REGULATORY OVERVIEW AND TAXATION

disclosure relates to involvement with terrorism or terrorist financing and property. Such a report will not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

FWD Reinsurance must comply with the Cayman Islands anti-money laundering, counter-terrorist financing, counter-proliferation financing and financial sanctions regime. This includes having procedures in place that are consistent with such regime and having an Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer appointed. The roles of these officers must be fulfilled by suitable individuals at managerial level, with suitable qualifications, experience and resources. FWD Reinsurance has the right to refuse to make any payment to a shareholder if FWD Reinsurance's directors or officers suspect or are advised that the payment to such shareholder might result in a breach of applicable anti-money laundering, counter-terrorist financing, prevention of proliferation financing and financial sanctions or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure compliance with any such laws or regulations in any applicable jurisdiction.

Data protection requirements

All Cayman Islands entities that alone or jointly determine the purposes, conditions and manner in which personal data is handled as data controllers, will be subject to the DPA. The DPA will apply irrespective of the location of the data subject. The DPA is based on eight data principles including fair and lawful use, purpose limitation, data minimisation, data accuracy, storage limitation, respect for the individual's rights, security and international transfer of data. Data controllers established in the Cayman Islands must process personal data in accordance with the DPA.

Economic substance

The ES Act requires "relevant entities" carrying on a "relevant activity" to meet prescribed economic substance requirements. A Cayman Islands company that is tax resident outside of the Cayman Islands is not a "relevant entity." Cayman Islands companies must annually notify their registered office of their classification under the ES Act, including if they are tax resident outside of the Cayman Islands. If they are tax resident outside of the Cayman Islands, or are relevant entities carrying on a relevant activity, they must file an annual report with the Tax Information Authority.

B. TAXATION

The following is a general summary of certain Hong Kong and Cayman Islands income tax consequences relevant to an investment in the Shares. The discussion is not intended to be, nor should it be construed as, legal or tax advice to any particular prospective purchaser. The discussion is based on laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change or different interpretations, possibly with retroactive effect. The discussion does not address tax laws of jurisdictions other than Hong Kong and the Cayman Islands. You should consult your own tax advisors with respect to the consequences of acquisition, ownership and disposition of the Shares.

Hong Kong Taxation

The following is a discussion on Hong Kong taxation, which is a general summary of present law and is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Hong Kong law.

Profits Tax on our Company

Our Company will be subject to Hong Kong profits tax in respect of profits arising in or derived from Hong Kong at the current rate of 16.5%, unless such profits are chargeable under the half-rate of 8.25% that may apply for the first HK\$2 million of assessable profits for years of assessment beginning on or after 1 April 2018.

Tax on Dividends received by Shareholders

No tax is payable in Hong Kong in respect of dividends paid by our Company.

Profits Tax on Shareholders

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares. Shareholders should take advice from their own professional advisers as to their particular tax position.

Stamp duty

Hong Kong stamp duty will be charged on the sale and purchase of Shares at the current rate of 0.2% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The Shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of Shares.

Cayman Islands Taxation

The following is a discussion on Cayman Islands taxation, which is a general summary of present law and is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty or withholding tax applicable to us or to any holder of the Shares. Stamp duties may be applicable on instruments executed in, or after execution brought within the jurisdiction of, the Cayman Islands. No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands. The Cayman Islands is a party to a double tax treaty entered with the United Kingdom in 2010 but is otherwise not party to any double tax treaties that are applicable to any payments made to or by us. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Our Company has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has applied for and has obtained an undertaking from the Financial Secretary of the Cayman Islands in the following form.

The Tax Concessions Act (2018 Revision) Undertaking as to Tax Concessions

In accordance with the provision of Section 6 of The Tax Concessions Act (2018 Revision), the Financial Secretary had undertaken to our Company that no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to our Company or its operations and no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations of our Company or by way of the withholding in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Act (2018 Revision). These concessions shall be for a period of 20 years from 7 May 2021.

OVERVIEW

We are a Pan-Asian life insurer with a customer-led and tech-enabled model.

We were founded in 2013 by Mr. Richard Li, with the ambition of forging our own path as a leading insurer in Asia. Our vision is *changing the way people feel about insurance*. We have built our leadership team and culture to align with our vision.

We have built a Pan-Asian presence by adapting to evolving market trends and customer needs. We have adopted a multi-channel distribution model, invested in digital infrastructure and data analytics capabilities, and expanded partnership and referral opportunities. According to NMG, the aggregate life insurance GWP in our current markets is forecast to grow from an estimated US\$407 billion in 2023 to US\$579 billion in 2033, offering significant market opportunities. We believe that structural demographic and macroeconomic factors, including middle-class expansion, ongoing wealth accumulation, a significant protection gap, which is the estimated additional life insurance premiums needed annually to fully meet mortality and health protection needs, as well as digital acceleration, are key drivers for the growth of the Pan-Asian insurance sector.

We have grown from three markets at inception to ten markets, including Hong Kong (and Macau), Thailand (and Cambodia), Japan, and Emerging Markets, comprising the Philippines, Indonesia, Singapore, Vietnam and Malaysia. We have entered certain of these new markets by obtaining new licences (such as in the Philippines and Indonesia) or via the acquisition of licensed life insurers with limited operations locally (such as in Singapore, Vietnam, Malaysia and Cambodia). Our Hong Kong (and Macau), Thailand (and Cambodia), Japan and Emerging Markets operations contributed 34.2%, 32.6%, 15.7% and 17.5%, respectively, of new business CSM in 2024. Our geographic coverage provides us with growth opportunities in developed insurance markets such as Hong Kong (and Macau) and Japan, as well as exposure to Southeast Asia, which comprises some of the fastest growing insurance markets in the world with an expanding but underinsured population. Our Southeast Asia markets (comprising Thailand (and Cambodia), the Philippines, Indonesia, Singapore, Vietnam and Malaysia) contributed approximately 50% of our new business CSM in 2024. We were ranked as a top five insurer and the top bancassurer within our Southeast Asia markets by APE in 2023, according to NMG.

We are customer-led and we put customers at the heart of everything we do. We have adopted a multi-channel distribution model enabled by technology to enhance, extend and empower our distribution, effectively serving diverse customer needs and meeting customers wherever, whenever and however they choose. Our distribution channels include bancassurance, agency, brokerage/IFA and others, which include digital commerce and other distribution channels. These channels contributed 46.6%, 15.2%, 31.8% and 6.5% respectively, of our VNB in 2024. To serve sophisticated, affluent and mass-affluent customers who value personalised interactions, we have built a leading Southeast Asian bancassurance platform with eight exclusive partnerships as of the Latest Practicable Date. We were ranked sixth in 2024 among multi-national insurers globally in terms of the number

of MDRT-registered members. As of 31 December 2024, we had over 2,900 brokerage and IFA partners. We have also built a digital commerce platform to effectively reach customers through our D2C eCommerce platform, our bank partners' digital channels and ecosystem partners' platforms supported by API integration and O2O referral programmes. Together, our distribution channels grant us access to a number of exclusive and non-exclusive bank partners, with a combined customer base of over 280 million, according to NMG.

We offer easy-to-understand and relevant propositions through our diverse portfolio of life insurance, health insurance, employee benefits (group insurance) and financial planning products. We classify our key products into (i) participating life, (ii) non-participating life, (iii) critical illness, term life, medical and riders, (iv) unit-linked insurance, and (v) group insurance and others, which contributed 36.5%, 28.0%, 22.2%, 7.5% and 5.7% respectively, of our VNB in 2024. Through our technology and data analytics tools, which are built increasingly upon artificial intelligence ("AI") and are standardised across our Group, we have made our customers' insurance journeys simpler, faster and smoother. As a result of our commitment to understanding and addressing our customers' various insurance needs and pain points, we ranked in the top three among insurance brands for customer experience in Thailand, Malaysia and Singapore according to KPMG's Global Customer Experience Excellence Report in 2024.

We have experienced substantial growth and demonstrated a track record of execution across our Pan-Asian business. We also evaluate our performance with a range of key measures. Please see "*Financial Information – Key Performance Indicators*" for details:

- *Profitability:* Our net profit attributable to Equity Holders of the Company (non-IFRS measure) was US\$24 million in 2024, which represents a shift from a net loss position in 2022 and 2023. Our operating profit after tax attributable to Equity Holders of the Company (non-IFRS measure), which facilitates a more meaningful understanding and comparability of our performance on an ongoing basis, was US\$463 million in 2024, representing a 28.6% increase over 2023 on a CER basis.
- *Growth:* Our new business CSM increased by 30.5% from US\$960 million in 2023 to US\$1,222 million in 2024 on a like-for-like and CER basis.
- *Risk and Capital:* Our adjusted net UFSG increased by 9.7% on a CER basis from US\$786 million in 2023 to US\$839 million in 2024. Under GWS, which came into effect in relation to the Group in May 2021, our Group LCSM cover ratio (PCR basis) as of 31 December 2024 was 260%. See "*Financial Information – Solvency and Capital – Group Capital Adequacy*" for details.
- *Value:* Our return on tangible equity (non-IFRS measure) increased from 10.8% in 2023 to 15.4% in 2024.

OUR COMPETITIVE STRENGTHS

Since our inception in 2013, we have positioned ourselves as a provider of customer-led propositions to our customers and as a value-generative partner to our bank and other distribution partners across Asia. We believe that the following competitive strengths have provided us with an edge to maintain our growth:

Pan-Asian Life Insurer Capturing Growth Opportunities in the Most Attractive Markets in the Region

Our geographic reach and growth are substantial. Since the launch of our brand in Hong Kong, Macau and Thailand in 2013, we have expanded into seven new markets by means of obtaining new licences and acquisitions, and selected acquisitions to establish scale. In particular, we have targeted markets where we have identified what we see as substantial insurance “white space” and underserved populations. Approximately a quarter of financially active consumers across the markets we operate in acknowledge that they do not have sufficient life insurance, according to NMG. While affordability of life insurance is the primary purchasing barrier cited by consumers, we expect this will change as the middle-class population across the markets we operate in is expected to increase from 420 million in 2023 to 537 million by 2033, according to NMG. We believe that our expansion is a testament to our success in activating the large, and emerging-affluent consumer base across Asia with our business model, data insights and proprietary digital tools, and our ability to transfer our know-how, distribution capabilities and technology across markets has been a significant driver of our growth in each market.

As a result, we have achieved 5.2 times growth of our APE in 2024 since our first full year of operations in 2014, growing from US\$309 million in 2014 to US\$1,916 million in 2024. Our APE increased by 18.3% on a CER basis from 2022 to 2023 and by 18.6% on a CER basis from 2023 to 2024. Our diversified pan-Asian presence provides us with growth opportunities in developed insurance markets such as Hong Kong (and Macau) and Japan, as well as exposure to Southeast Asia. Our strong foothold in Southeast Asia is a core source of our growth, and we expect this trend to continue into the future. Our Southeast Asia markets contributed 52% of Group APE in 2024, as we captured the growing demand for insurance products in these markets.

Engaging Customer Propositions with Distinctive Brand

We aim to make insurance easy by tackling the pain points in the customer journey. We believe that we offer new, simple and relevant product propositions in response to evolving and distinctive customer needs.

- *Easy to know:* We believe that it is important for our customers to easily understand the insurance they buy and the scope of coverage. To achieve this, we have sought to make our product offerings transparent, personalised and simple.

We have re-written and simplified our policies across eight markets. We have also reduced unnecessary policy exclusions substantially, allowing customers to celebrate living without worrying about uncovered exclusions.

- *Easy to buy:* We have simplified the purchase journey by introducing paperless sales, enabling purchases via user-friendly mobile applications and streamlined underwriting questions for certain products. We have also extended our reach to potential customers with the goal to meet them wherever and whenever they choose, online or offline. To this end, we equip our partners with a range of analytical tools for customer insights.
- *Easy to claim:* We aim to provide our customers peace of mind in their claims experience. Our FWD Omne customer app can generate instant decisions for low risk claims and reduce the average assessment time to as little as two minutes from two days historically. We aim to provide a smooth and swift digital claims process for our customers to be covered and paid in their time of need.
- *Easy to engage:* We provide intuitive customer experiences with increasing automation. For example, customers seeking to engage with us can utilise our AI chatbots, which are capable of handling inquiries on a 24/7 basis. Our engagement with customers goes beyond insurance, with offerings extending to rewards, lifestyle experiences, post-claim recovery and other services.
- *Easy to love:* Our modern brand is recognised for being “different”, according to YouGov BrandIndex, an index evaluating brand associations and brand health using daily consumer opinions of brands across different sectors and across different metrics. We strive to introduce new products which provide relevant and affordable protection for individuals and families as well as providing support post claims through our FWD Care recovery plan.

We have built our business with the aim of making protection easy, accessible and affordable to our customers. We believe that our strong brand, established customer advocacy and product propositions create significant differentiation and allow us to outperform our peers in attracting and retaining customers. We have experienced significant growth in our customer base historically, from approximately one million as of 31 December 2015, to approximately 10 million as of 1 January 2022, and further to over 12 million as of 31 December 2024.

Tech-enabled Multi-channel Distribution Tailored to Market Needs

Our distribution capabilities are anchored in our customer-led and multi-channel approach tailored to each market, including our agency force in Hong Kong, the top bancassurance platform in Thailand, IFA teams in Japan and diversified channels in

Emerging Markets. We have built a distribution model by enhancing traditional face-to-face distribution channels with technologies, extending reach to prospective, underserved customers through our digital commerce platform.

We have developed ongoing distribution partnerships with 32 banks as of the Latest Practicable Date. This includes exclusive partnerships with eight banks in Southeast Asia, including SCB in Thailand, VCB in Vietnam and Bank BRI in Indonesia. Through both exclusive and non-exclusive partnerships, we have access to over 280 million potential customers via a network of over 6,800 bank branches, according to NMG. Our leadership position as the top bancassurer in Southeast Asia is evidenced by our market share of approximately 14% based on APE in 2023, according to NMG, which is approximately double that of the average market share for top ten bancassurers in Southeast Asia.

We have a productive agency force of approximately 55,100 agents as of 31 December 2024. Our MDRT-registered agency force ranked sixth in 2024 among multi-national insurers globally in terms of the number of MDRT-registered members, according to the MDRT Association. As of 31 December 2024, we had over 2,900 brokerage and IFA partners. Brokerage/IFA constituted our fastest growing distribution channel in 2024, offering comprehensive insurance solutions to our customers, including high net worth individuals. To consolidate our access to customers with an end-to-end digital journey and natural touchpoints, we have built a digital commerce platform which provided us access to over 260 million potential customers of our ecosystem partners as of January 2025, according to NMG. Our D2C eCommerce platform provides one of the most comprehensive sets of online life insurance products across our markets in 2023, according to NMG. Through API services, we are also able to integrate our services with digital platforms of our bank partners as well as ecosystem partners. We partner with over 50 leading ecosystem players spanning the digital lifestyle, retail and consumer finance sectors.

Our digital core has empowered our agents, banks, brokers, IFAs and ecosystem partners with wider customer access, personalised and effective servicing, and productivity enhancements. We blend the human touch with digitally enhanced direct engagement to drive customer acquisition. Among our agency force, we achieved digital tool adoption and eSubmission ratios of 95% in 2024. For additional information on our overall distribution channels and our digital tools, see “– Distribution” and “– Technology and Digital.”

Digital Infrastructure with Data Analytics at its Core

We have built our entire digital architecture with the purpose of maximising the use of data analytics and technology to inform business decisions, optimise customer experience, empower distribution and enhance operational efficiency. Our digital apps and platforms leverage data from our Data Mesh platform, customer relationship management and proprietary AI models.

Our proprietary Data Mesh platform is a central part of our infrastructure. Its cloud-based data ecosystem provides end-to-end visibility and control of the collection, collation and usage of data across applications, combined with real-time streaming processing and data analysis to improve our understanding of our customer base. Our Data Mesh platform also enables us to increase our business decision-making and operational efficiencies.

Built on our Data Mesh platform is a series of systems and automated digital tools to facilitate prospecting, purchasing, underwriting, claims and servicing, enabling us to deliver a seamless experience along the customer journey. In addition, we are increasingly combining these tools with generative AI technology.

We believe that these digital capabilities have enabled us to deliver value for ourselves, our customers and distribution partners. For instance, we successfully activated our partnership with SCB, a leading bank in Thailand, and created the leading bancassurance platform by GWP in Thailand within just six months of launch, through the introduction of new products and integration of existing products and services into SCB's digital tools. In 2023, we began collaborating with SCB in relation to customer data, enabling us to gain greater customer insights. This has also enabled us to create value in our other exclusive bancassurance partnerships, with an average outperformance over the first three full years of the respective partnerships of 33%, determined on a cumulative basis by comparing (i) the sum of our key performance indicators (such as APE) achieved for the relevant period, and (ii) the sum of pre-agreed annual targets for the relevant period within business plans set forth in our exclusive bancassurance distribution agreements, where available.

Agile Execution by Highly Experienced Management Team

Our Controlling Shareholders and experienced management team promote agile decision-making and execution. Mr. Li, through PCG, has provided critical support in our journey across market expansions and partnership formation in recent years. In particular, Mr. Li serves as an executive director on our board and has been instrumental in the delivery of our vision and setting growth strategies for our business. Our management team, led by our CEO, Mr. Huynh, has on average over 22 years of experience in the financial and technology industries. Driven by their leadership, we have built an employee base that is aligned to our corporate culture and works cohesively to deliver on our vision. We have designed our remuneration policy for senior employees to align incentives and foster long-term sustainable growth of the business within our overall risk management framework, as discussed in further detail in “– Employees – Executive Remuneration Policy.”

Our management team's strong execution track record is evidenced by our ability to quickly identify market opportunities, balance organic growth and acquisitions, and activate and integrate new partnerships in a speedy manner. We have successfully integrated our acquisitions across our markets, which has resulted in 97% of our APE growth between 2022 and 2024 being attributable to organic expansion.

OUR GROWTH STRATEGIES

As we continue to deliver on our vision of *changing the way people feel about insurance*, we believe that our business model and technology will remain crucial to maintaining our competitive advantage. To maintain our growth momentum, we plan to implement the following strategies:

Generate Value by Reinforcing Leadership in Customer Acquisition and Engagement

We are focused on sustaining growth in new customer acquisition and deepening existing customer relationships. Our strong brand and established customer advocacy are instrumental to attracting and retaining customers. We have achieved a claims Net Promoter Score of +65 in 2024, and continuously strive to make it easier and faster for our customers to be covered and paid in their time of need. We also intend to continue to form new distribution partnerships to broaden our customer reach and use technology to more efficiently target customers with insurance needs. We strive to increase our wallet share among these customers by building lifetime partnerships and ongoing engagement, including providing insightful user data points which, in turn, will improve our cross-selling and up-selling capabilities.

We believe that by maintaining our seamless customer journeys and building sustained relationships, we will be able to attract and retain more customers, increase policy premiums and incentivise repeat purchases in the future. We plan to leverage our know-how and at-scale operations in Hong Kong, Thailand and Japan to support group-wide innovation, and endeavour to achieve more top three market positions by new business sales, as we have done in markets such as the Philippines.

Increase Scale and Productivity of Distribution Partnerships

We will remain focused on driving our growth and productivity across all distribution channels. We believe that our digital tools will enable us to enhance our current distribution capabilities. Increasing digital adoption and process automation enable us to enhance both our productivity and the productivity of our distribution partners.

We expect to continue to deepen our bancassurance partnerships, including through our digital capabilities, empowering many of our bancassurance partners by providing integrated eCommerce enabled offerings. See “– *Distribution – Other Channels*.” We have an established track record of enhancing our bancassurance partnerships. For example, we quickly integrate our products, tools and services into our bancassurance partners’ networks and roll out new products, presenting significant upside for further growth.

We are also continuing to roll out mobile tools and technologies, such as FWD Cube, to enable our agents to engage with customers. In turn, we believe this can boost our agents’ productivity, expand our MDRT agency force, and broaden our agency footprint.

In addition, we will continue to explore new bancassurance partnerships and referral opportunities to expand customer outreach to underserved segments, including partnering with more leading ecosystem players in adjacent sectors across markets and continuing our roll-out of O2O and cross-channel referral programmes.

Deliver Relevant and Innovative Customer Propositions

We are committed to delivering relevant, affordable and easy-to-understand products. We will continue to introduce new products and value propositions for our customers by adapting to the changing market needs and evolving customer demands.

For example, in 2023 we launched FWD Private, a new brand proposition exclusively dedicated to serving HNW individuals. It offers comprehensive insurance solutions that cater to our customers' needs for global asset allocation, diversification, and wealth appreciation, as well as their desire for legacy planning. Our HNW businesses in Hong Kong, supported by the establishment of operations in Bermuda and a branch in Singapore, enable us to provide a comprehensive FWD Private offering in the region.

In 2024, we launched FWD HealthyMe to advance our accident and health strategy by focusing on strengthening health insurance capabilities, expanding into new segments, and enhancing claims management and customer retention. Our approach emphasises proactive care through partnerships with healthcare and technology firms, along with improving the customer experience by integrating seamless claims processing and timely access to treatment.

We believe that by maintaining our broad suite of products, coupled with our prudent pricing strategy, we will enhance our new business margin and overall profitability.

Optimise Customer Experience and Boost Operating Leverage through Continued Investment in Digitalisation

We believe that our data analytics and digital-enablement strategy are imperative to optimising customer experience and enhancing operating leverage. Powered by our integrated, cloud-based Data Mesh platform in real time, we expect to expand our digital tools across all ten markets in which we operate.

For example, we are progressing on our NextGen Banca strategy, under which we utilise data and customer analytics to better serve our customers and introduce a fully digital, end-to-end sales process in our bancassurance channel. In particular, we aim to deliver a more seamless, efficient, and personalised customer experience in the distribution of our insurance products and services through the banking channels of our bancassurance partners. We will continue to incubate emerging technologies to strengthen our technology capabilities and will roll them out at scale across our Group, as appropriate. We intend to

continue to embed data analytics and AI in all we do. We believe that these initiatives will allow us to optimise both our customer and distributor experience, while continuing to improve our operational efficiency, profitability and cash flows.

Create Additional Value by Pursuing Selective Value-enhancing Expansion Opportunities

We continue to evaluate potential acquisition opportunities to scale up and expand customer reach in existing markets where we already have presence, while we focus on maintaining a leading presence across Asia and pursuing organic growth of our regional platform. We have a structured framework to evaluate selective opportunities to ensure such transactions are consistent with our strategy and are value-enhancing. Our experienced team has a track record in executing and creating value from these opportunities.

We will also continue to explore expansion opportunities, including in mainland China, which, according to NMG, is the largest life insurance market by total premium in the region. We believe that there is significant potential in the Greater Bay Area and that we are well-positioned to tap into the accessible customer base, which is a valuable opportunity for our Hong Kong business. We have a representative office in Shanghai and will consider means to expand our presence in mainland China, including but not limited to obtaining a full life insurance licence, accessing distribution channels in mainland China, and making selective investments or acquisitions as opportunities arise. We may also consider opportunities in other markets, such as India, which is the third largest life insurance market by total premium in the region, according to NMG.

CUSTOMERS

Transforming the Customer Journey

We are a customer-led insurer. Driven by customer needs, we believe that we have created trusted and long-lasting relationships with our customers, creating future advocates of the brand, providing them with reassurance and support for the future, and enabling them to celebrate living today. Since our inception in 2013, we have focused on changing the way people feel about insurance and addressing the key pain points for customers who seek insurance protection, including:

- *complex, one-size-fits-all and jargon-laced products*: traditional insurance policies are often drafted with complex words and phrases that are not easy to understand, together with long and convoluted exclusions to limit pay-outs;
- *aggressive product marketing through offline channels*: many insurance providers are overly dependent on offline distribution channels, with sellers focusing on “pushing” products that reward them with higher commissions rather than products that customers need;

- *difficult and time-consuming purchase process*: the traditional underwriting process is time-consuming as it often involves multiple human interactions, paperwork and other cumbersome requirements such as physical examinations; and
- *slow and painful claims settlement*: many insurance providers offer claims processes that are largely paper-based, complicated and tedious, which negatively affects the customer experience.

To address these customer pain points and make the insurance journey simpler, faster and smoother, we have designed our products, purchasing experience, claims process, customer engagement and branding with five key guiding principles in mind:

Easy to Know

Our belief is that customers should be able to easily understand the insurance they buy. As such, we strive to simplify our policies and contracts to provide easy-to-understand products. This includes drafting our insurance contracts without complex jargon (so that our customers can easily know the terms of their insurance contracts), and by reducing the number of unnecessary exclusions in our insurance policies (so that our customers can clearly know what protection they are receiving).

This led us to launch Project Clarity, which was an initiative to study contracts from traditional insurance companies and global market leaders to understand the key areas of complexity which may hinder our customers from understanding their policy contracts. Based on our findings, we subsequently rewrote our insurance contracts in simple language and avoided complex jargon to make them easier for our customers to understand. The revamped insurance contracts took into account user experience and design principles such as highlighting important information for the customers' awareness, clearly defining important phrases, and utilising diagrams and flow charts to illustrate key concepts such as policy benefits. By doing so, we have not only improved the customer experience and our products' attractiveness but also allowed our call centre and online help teams to respond to customer inquiries with increased speed and accuracy.

We also have initiatives to remove exclusions that were based on outdated medical data and unsupported judgments to better gauge our risk exposure to certain activities, which has helped us improve our underwriting process. We believe that, as a result of simplifying the drafting of our policies and reducing the number of unnecessary exclusions for certain products, our customers can more easily know the coverage which they have purchased and feel more confident about their ability to make insurance claims.

Easy to Buy

We aim to make it easy for potential customers to buy insurance from us and our distributors. We have simplified the purchase journey by introducing paperless sales, enabling purchases via user-friendly mobile applications and streamlined underwriting questions for certain products. We have also extended our reach to potential customers with the goal to meet them wherever and whenever they choose.

To this end, we equip our partners with a range of analytical tools for customer insights. We have introduced FWD Cube which equips agents with digital tools to support cashless and paperless sales. By continuously investing in new technologies, we have reduced the paperwork involved in our sales process. Our insurance products are available through streamlined and digitalised purchase processes supported by user-friendly mobile applications that we developed in-house. We have also implemented tools to automate the Know-Your-Customers (“KYC”) process and reduce the time required for KYC in order to enhance the ease of onboarding and purchase for our customers.

Since 2019, we have been partnering with UnderwriteMe, our automated underwriting solution, to digitise and automate the underwriting approval process with instant decisions at the point of sale in FWD Cube. This delivers a dynamic stream of health questions based on an individual customer’s risk profile, which makes it faster and simpler for potential customers to buy insurance. We have implemented our solution in Singapore, Malaysia and the Philippines in 2019, the agency channel in Hong Kong in 2020, Indonesia in 2021, and Vietnam and Malaysia in 2023. In 2024, we had extended the tool more broadly to other channels in Thailand and Malaysia. Traditionally, as part of the underwriting approval process, life and health insurance applications include ten or more health questions, regardless of coverage or the customer’s particular circumstances. Through our dynamic underwriting framework, we are able to categorise potential customers into three risk levels based on the information provided in their applications and as a result we have reduced the number of health-related questions to as few as three. With our underwriting framework, we were able to immediately accept between 70% and 94% of applications digitally submitted via our points of sale which are integrated with UnderwriteMe in 2024.

We will continue to invest in our technology capabilities, including expansion of our digital commerce distribution through deployment of technology to both online (such as our D2C platform) and offline channels, identification of customer needs and creation of a smoother and more efficient purchase experience for our current and future customers. In 2024, 86% of our submissions across the Group were submitted digitally, up from 78% in 2022. 92% of our customers rated us “great” or “good” after successfully completing the onboarding process in both 2023 and 2024, which highlights our sustained customer satisfaction.

Easy to Claim

Claims are our “moment of truth”. We have undertaken a series of initiatives to make it easier and faster for our customers to be covered and paid in their time of need. Our AI Claims application powered by AI technologies generates decisions instantly for low risk claims and reduces the average assessment time to as little as two minutes from two days historically.

Additionally, we have implemented our proprietary AI Fraud Detection solution in Hong Kong to identify fraudulent claims and speed up the claims process, where 98% of the claims in 2024 were processed by AI. The AI tool analyses existing operational data to identify common patterns for fraudulent cases and incorporates our expertise in identifying applicable risk factors. We have also expedited processing time for claims upon approval. For example, we have partnered with 7-Eleven in Hong Kong to allow our customers to use a QR code to collect payments for their insurance claims at 7-Eleven stores through a quick and efficient process. Approximately 66% of our claims were processed and paid within three days of submission in 2024, and our claims Net Promoter Score was +65 in 2024, up from +48 in 2022.

Easy to Engage

We are committed to changing the way people feel about insurance by looking to create innovative and intuitive ways for our customers throughout the insurance journey. To maximise customer touchpoints and extend our reach, we have also developed a series of systems and tools to optimise customer engagement and help our customers learn and purchase our products, submit claims and stay engaged in an easy and seamless manner. For example, our AI chatbot addresses questions and provides product information on a 24/7 basis, with approximately 97% accuracy in identifying user intent. This has helped manage our call centre volume and provide better service to our customers around the clock. We have rolled out our chatbots in Hong Kong, Thailand, Japan, the Philippines, Indonesia, Singapore and Malaysia. Our FWD GenAI Voicebot covers approximately 44% of our inbound inquiries in Thailand and has reduced customer wait times to zero.

In addition, our customers can engage with us via our eCommerce Platform, which provides quick quote, O2O lead generation, plug and play functions and fully automated underwriting capability. We have also launched other customer engagement applications and platforms, such as FWD MAX and FWD Omne, to offer customers various value-added services, promotions and content driven by their preferences. FWD MAX is an online-to-offline engagement platform for members to participate in exclusive events and redeem popular experiences with MAX points, and in 2024 attracted over 1.8 million visitors, over 25.6 million page views and over 411,600 agent activities. FWD Omne offers self-service and claim functions for our customers. By enhancing the use of the data we collect, we aim to achieve higher customer retention rates and new sales through these platforms, while remaining in compliance with the applicable laws and regulations.

Our distribution partners also play a key role in how we engage with our customers. As such, we seek to partner with banks and other distribution partners who are customer-led and have the same commitment to deliver superior customer experience, through both human and digital interactions. Outside of the insurance ecosystem, we also engage with customers by way of other means consistent with our spirit of ‘celebrate living’. For example, FWD Vietnam’s customers were rewarded with a family-friendly live music experience at the Music Fest held in July 2024 and FWD Philippines’ customers enjoyed VIP treatment at the Aurora Music Festival in April 2024.

Easy to Love

As a result of our customer-driven strategy to refine our products, the purchase experience, claim settlement and customer engagement, our brand is well-recognised by our customers. We are committed to creating solutions to help customers to reduce their protection gap and celebrate living. We have launched multiple new products in various markets, including FWD New Medical in Japan, FWD SpecialMed in Malaysia, Preeminent Legacy in Singapore, Crisis EasyGo in Hong Kong, Health Family Sharing in Thailand and FWD Care across multiple markets. Additionally, we have actively sought ways to make our products affordable and accessible to a wider range of customers. Across our different markets, we have designed our insurance products so that our customers can pick and choose the protection that suits their particular needs.

Since 2021, we have introduced the FWD Care recovery plan across Hong Kong, Thailand, Singapore, Malaysia, Japan, Indonesia and Vietnam. Through FWD Care, we seek to equip our customers and their families with benefits beyond financial aid, such as by providing a dedicated nurse companion and customised support services through critical life events such as a major illness or the death of a loved one. In 2024, FWD Care achieved over 90% satisfaction rating from customers who have used it. FWD Care also received industry recognition, including “Innovation of the Year” award by Asia Insurance Industry Awards in 2022.

We believe that effective customer engagement will be critical to our ability to retain our customers, identify opportunities to cross-sell and up-sell our insurance products, and create advocates of our brand.

Customer Segments

We define our customers as anyone who owns or receives value from our products and services, and we categorise them as either individual customers or group scheme customers. Our individual customers include policyholders (who have the ownership rights to an insurance policy), the insured under life insurance policies and beneficiaries of the policies and active FWD MAX members, whom we define as persons who have maintained an active membership on our FWD MAX platform during the preceding 90 days for the use of our products, services or discounts. Our group scheme customers include corporate policyholders (who have the ownership rights to an insurance policy) and participating

members. Our customer numbers presented do not include those of the joint ventures where we hold a minority interest, such as BRI Life. In 2022, 2023 and 2024, APE generated from our five largest customers accounted for 4.3%, 2.3% and 1.0% of our total APE, respectively, and APE generated from our largest customer accounted for 1.5%, 1.1% and 0.3% of our total APE in the same periods, respectively.

Individual Customers

We believe that our focus on transforming our individual customers' insurance journey with relevant propositions tailored to their needs has contributed to the significant growth in our customer numbers. We had 5.7 million, 5.8 million and 6.1 million individual policyholders as of 31 December 2022, 2023 and 2024, respectively, representing a CAGR of 4.0% during this period. This includes organic new individual policyholders of 1.1 million, 1.0 million and 1.1 million for 2022, 2023 and 2024, respectively.

In terms of the insured and beneficiaries under life insurance policies relating to individual policyholders, we had 2.5 million, 3.7 million and 4.0 million total insured and beneficiary customers as of 31 December 2022, 2023 and 2024, respectively, representing a CAGR of 25.6% during this period.

Group Scheme Customers

Our group scheme customer segment consists of corporations and other business organisations to whom we offer group life and health solutions. As of 31 December 2022, 2023 and 2024, we had approximately 3,000, 4,400 and 3,600 corporate policyholders, with 1.9 million, 2.2 million and 2.0 million of participating members, respectively. Our group life insurance products mainly cover total and permanent disablement, death, accidental death and dismemberment and employee benefits, and our group health insurance products primarily cover medical insurance and long-term disability income benefits.

Customer Recognition and Brand Marketing

We measure customer relationships and stickiness through internal metrics, including customer retention, re-purchase rates and multiple customer feedback scores, as well as external sources. As a result of our commitment to understanding and addressing our customers' various insurance needs and pain points, we ranked in the top three among insurance brands for customer experience in three of our markets. FWD achieved a number one ranking for Malaysia (Takaful), a number two ranking for Singapore and a number three ranking for Thailand among insurance brands according to KPMG's Global Customer Experience Excellence Report for 2024 (the "**2024 KPMG Report**"), a leading customer experience report.

KPMG's Global Customer Experience Excellence Report is a survey that KPMG has run for 15 years across 23 markets, in which the report and the details of it are publicly available. The report provides studies of customer experience across sectors, including the insurance

sector. The study was not commissioned by FWD, but FWD has licensed from KPMG to receive the report and insights as well as citation rights. The study measures brands across different industries in different markets across six components of customer experience excellence – integrity, resolution, expectations, empathy, personalisation and time and effort. In terms of markets, the study covers, among others, Hong Kong, Indonesia, Japan, Malaysia, the Philippines, Singapore, Thailand and Vietnam. In Vietnam, for example, KPMG reached a sample pool of over 1,500 consumers and evaluated more than 90 local and international brands across eight different sectors. In Singapore, for example, the study included a range of leading domestic and multi-national insurance brands in the market. The 2024 KPMG Report listed us as one of the leading companies in Asia that strives to improve customer service, underwriting and claims processing via AI.

On the basis that KPMG's Global Customer Experience Excellence Report adopts the same approach to measuring brands across six pillars of customer experience excellence, the Group believes that the 2024 KPMG Report is reliable in reflecting a comprehensive research for ranking analysis.

In a survey conducted by YouGov BrandIndex in the second half of 2024, respondents were asked to select life insurance companies that they perceive as being different or innovative. We ranked as a top five most "different" insurer in seven out of eight surveyed markets. We believe that having consumers recognise FWD as being distinct from our competitors is an important aspect of achieving our vision of *changing the way people feel about insurance*. In addition, we ranked as a top five most "innovative" insurer in seven out of eight surveyed markets.

As of January 2025, our partners in the bancassurance and digital commerce distribution channels provide us with access to over 280 million and over 260 million potential customers, respectively, according to NMG. We have been able to, and will continue to, penetrate this customer base for customer acquisition, engagement and retention. We believe that this is key to our cross-selling and up-selling, as we are increasingly utilising the lifetime value of our existing customers. In 2024, 23.9% of our new policies were sold to existing individual policyholders.

Customer Feedback

We collect customer feedback through a variety of means including surveys, focus groups, brand tracking and campaign effectiveness activities. We have adopted a proactive and technology enabled approach to collecting customer feedback where we solicit real-time feedback from customers after purchasing, servicing and claims. At the completion of these customer journeys, we invite customers via SMS, email, our website or through our app, to participate in a quick online survey to provide feedback on the experience. This approach has been adopted across all of our markets (with the exception of Macau) and is continuously being improved.

We have empowered our local teams to follow up on customer interactions to drive insights to actions through cross-functional collaboration for improved customer experience outcomes. By reviewing customer experience and customer interactions, we aim to improve our product and service quality, as well as address customer feedback in a timely manner.

Customer Complaints Policy

We have adopted a proactive and technology enabled approach to resolving customer complaints and have established a group-wide complaints management policy. All of our markets have customer complaint management processes in place, including a tracking and reporting mechanism. We input the customer feedback data verbatim into a digital dashboard for each market, which shows daily customer responses and the call-back handling status for dissatisfied customers. This allows our customer service managers to monitor overall customer sentiment and ensure that issues are addressed and resolved quickly and fairly. Our complaints ratio, which is the percentage of complaints received per number of transactions over a calendar year, has consistently been around 0.2% for each year between 2022 and 2024.

DISTRIBUTION

Our Distribution Strategy

Asia is home to hundreds of millions of individuals who need life and health insurance protection but do not have the requisite knowledge of such products or lack potential access to traditional insurance distribution channels, according to NMG. To address this issue, we have adopted a distribution model based on the pillars “*Enhance, Extend and Empower*”:

- *Enhance* – We have enhanced traditional face-to-face channels with a host of new technologies that help our bank partners, agents and brokers/IFAs to engage and serve their customers in flexible, dynamic and digital ways. By blending our digital tools with a human touch, we combine offline and online channels to allow customers to engage with us however, wherever and whenever they choose.
- *Extend* – We have extended our reach to individuals underserved by traditional channels. We provide multi-device mobile access so that customers can determine their protection needs, understand our propositions, purchase our products and services and submit claims. Our distribution leverages our digital commerce channels for online D2C sales and we have extended our agency channel with our social media engagement platform.
- *Empower* – We have empowered our customers to celebrate living by providing them with information to help them to choose the right protection whenever, wherever and however through all our channels with simple propositions, advanced data analytics and high-quality sales leads. We use AI algorithms to supply our distribution channels with the customer insights they need to offer tailored solutions. We have streamlined underwriting, simplified the language used in the policies and reduced the number of exclusions, thereby allowing our channels to better help all customers to understand insurance and buy the protection they need.

Distribution Channels

We aim to widen our touchpoints with customers by offering them a choice of how to engage with us based on their protection needs and interaction preferences. Digitalisation of our distribution channels is a key element of this strategy.

We distribute our products through multiple distribution channels, including bancassurance, agency, brokerage/IFA, as well as other channels, which include D2C distribution via digital commerce channels. The breakdown of the overall Group APE by distribution channel for bancassurance, agency, brokerage/IFA and others, was 39.2%, 21.6%, 30.7% and 8.5%, respectively, in 2024.

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The following table sets forth the contributions of our distribution channels to our total APE and VNB and the growth rates on a CER basis during the periods indicated. To facilitate a more meaningful comparison, we also present APE and VNB for 2023 and 2024 on a like-for-like basis, which is discussed in “Financial Information – Key Performance Indicators” in detail:

	Year ended 31 December			2022-2023	2023	2023-2024	
	2022	2023	2024	YoY	2023 (like-for-like basis)	YoY	YoY (like-for-like basis)
(US\$ millions, except for percentages)							
Bancassurance							
APE	662	715	752	8.5%	715	7.6%	7.6%
VNB	360	386	388	7.8%	346	2.7%	14.7%
Agency							
APE	276	358	414	30.4%	355	16.7%	17.5%
VNB	181	244	127	35.5%	127	(47.6%)	0%
Brokerage/IFA							
APE	279	392	589	45.5%	392	53.1%	53.1%
VNB	199	266	265	39.3%	211	2.9%	29.2%
Others⁽¹⁾							
APE	191	182	162	(3.8%)	153	(9.1%)	7.7%
VNB	84	94	54	13.5%	65	(41.5%)	(16.4%)
TOTAL							
APE	1,408	1,646	1,916	18.3%	1,616	18.6%	20.9%
VNB	823	991	834	21.9%	749	(14.0%)	13.5%

Note:

(1) Includes digital commerce and other distribution channels.

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We have adopted a multi-channel distribution model that is tailored to each of the markets in which we operate. The percentage contributions of our multiple distribution channels to the overall Group APE of our businesses in each market for 2024 is as follows:

	<u>Hong Kong (and Macau)</u>	<u>Thailand (and Cambodia)</u>	<u>Japan</u>	<u>Emerging Markets</u>	<u>Group</u>
APE Breakdown					
Bancassurance	15.2%	72.5%	0.0%	50.5%	39.2%
Agency	27.9%	15.0%	0.0%	24.6%	21.6%
Brokerage/IFA	51.8%	0.1%	80.5%	18.6%	30.7%
Others ⁽¹⁾	5.1%	12.4%	19.5%	6.4%	8.5%

Note:

(1) Includes digital commerce and other distribution channels.

Bancassurance Channel

We are a leading bancassurer, particularly in Southeast Asia, both in terms of the breadth and depth of our bancassurance partnerships, as well as our demonstrated track record of delivering value through our bancassurance channel. Our bancassurance strategy is built on partnerships through initiatives such as HiVE, an annual networking event that fosters best practice sharing among senior executives across FWD and our partners, and FWD Elite, which includes a region-wide customised learning program designed exclusively in collaboration with our program partner, Yale University. As of the Latest Practicable Date, we had 32 ongoing bancassurance partnerships, including eight exclusive bancassurance partnerships in Southeast Asia. Our strategy for our bancassurance channel has been to partner both exclusively and non-exclusively with leading local banks in each of our markets, promote digital transformation as a means of enhancing our bank partners' sales efforts and productivity, and improve portfolio margins by selling protection-focused products to optimise our VNB. The VNB generated by our bancassurance channel increased by 7.8% from US\$360 million in 2022 to US\$386 million in 2023 on a CER basis, and increased by 14.7% from US\$346 million in 2023 to US\$388 million in 2024 on a like-for-like and CER basis. We have access to our exclusive and non-exclusive bancassurance partners' customer base of over 280 million customers as of January 2025, according to NMG. By quickly integrating our products and services into our leading bank partners' networks and rolling out new products, we have been able to benefit from their customer base and improve their bancassurance productivity and digitalisation of their sales processes.

We use multiple criteria for selecting and evaluating our bancassurance partnerships, including a strategically sustainable market position, a relatively underpenetrated customer base for life insurance, a genuine shared ambition to deliver superior customer experience, alignment with our strategy to promote our digital ecosystem, a focus on fee-based income,

and evidence of a collaborative culture. In particular, our strategy is to partner with national champion banks, which are local financial institutions with leading market positions in their home country, strong financial performance, and active participation and impact on their home country's economy.

- *Thailand – SCB.* In Thailand, our exclusive bancassurance partnership with SCB, a leading bank in Thailand, has been a key driver of our growth since 2019. By quickly integrating our products and services into SCB's distribution tools, launching new innovative products, adopting advanced data analytics and implementing digital integration, we were able to unlock significant value in SCB's customer base and increase its bancassurance productivity in terms of APE relative to total bank deposits. These initiatives have made us the top bancassurance platform by APE in Thailand and have enabled us to expand our policyholder base in Thailand to 1.7 million as of 31 December 2024.
- *Vietnam – VCB.* In Vietnam, we launched our partnership with VCB, a leading commercial bank in Vietnam in 2020. As of 31 January 2025, VCB had over 22 million customers and over 630 branches and transaction offices, according to NMG. We have been transforming our bancassurance partnership with VCB with our NextGen Banca strategy, pursuant to which we are utilising data and customer analysis to better serve our customers and are introducing a fully-digital, end-to-end sales process to replace the previous paper-based process. As a result of our successful integration, 95% of applications were handled via FWD's eSubmission system in 2024. Additionally, digital sales comprised 39% of total policies issued, and on average 65% of ePolicies were issued within two hours of submission in 2024.
- *Indonesia – Bank BRI.* In Indonesia, through our 44% stake in BRI Life as of 31 December 2024, we collaborate with Bank BRI, the leading retail bank in the country in terms of customer base with over 179 million customers, of which 31% were digitally activated, serviced through its network of over 1,000 branches as of 31 January 2025, according to NMG.
- *Philippines – Security Bank.* In the Philippines, our exclusive partnership with Security Bank started in 2015, and has grown into a strong and strategic collaboration, with Security Bank's network of over 325 branches as of 31 January 2025, according to NMG. By integrating our offerings and digital solutions across Security Bank's branches, digital channels, and co-branded initiatives, we had 124,200 policyholders as of 31 December 2024.

Exclusive bancassurance partnerships generally require bancassurance partners to distribute our products on either an exclusive or preferred basis to their customers across networks and jurisdictions specified under their contracts and subject to applicable laws and regulations. Exclusive bancassurance arrangements commonly include termination rights

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which may be triggered if specific, pre-defined conditions are met, for example upon material breaches by either party, in the event a party becomes a competitor, upon a change of control or in the event of force majeure. In addition, in limited cases exclusivity also applies to us over the partnership term.

Our bancassurance arrangements generally include commission-based payment terms. We generally pay a combination of fixed sum and performance based variable incentives depending on the scope and exclusivity of the partnership, in line with the relevant market standards. Our bancassurance partnerships, particularly exclusive bancassurance arrangements, typically last for a duration of ten to 15 years.

Agency Channel

Our agency force is a key channel for accessing our customers. Our total number of agents increased from approximately 48,400 as of 31 December 2022 to approximately 55,100 as of 31 December 2024. The APE generated by our agency channel increased by 17.5% from US\$355 million in 2023 to US\$414 million in 2024 on a like-for-like and CER basis. Our agency force includes both full-time and part-time tied agents, who sell our products exclusively. With our tech-enabled agency force, we believe that we can effectively foster long-term relationships with customers with significant lifetime value.

The following table shows the size of our agency force as of the dates indicated below:

	As of 31 December		
	2022	2023	2024
	<i>No. of Agents (rounded to hundreds)</i>		
Hong Kong (and Macau)	4,100	4,600	4,400
Thailand (and Cambodia)	10,600	15,200	15,500
Japan	N/A	N/A	N/A
Emerging Markets	33,700	48,600	35,300
Total	48,400	68,400	55,100⁽¹⁾

Note:

- (1) The sum of the numbers in the 2024 column is 55,200 due to rounding. Exact 2024 total is 55,135 and rounded down to 55,100.

As a result of our investments in our agency force and our focus on expanding and improving our distribution capabilities, many of our agents have attained and continue to maintain MDRT status. Founded in 1927, MDRT is a global, independent association of the world's leading life insurance and financial services professionals from more than 700 companies in 80 nations and territories. MDRT membership is recognised internationally as the standard of excellence in the life insurance and financial services business. We were

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ranked sixth in 2024 among multi-national insurers globally in terms of the number of MDRT-registered members, for the third consecutive year. Our MDRT-registered agency force ranked in the top two in each of Thailand, Vietnam and the Philippines based on the statistics published by MDRT as of July 2024.

In addition to MDRT membership, we have also been investing in building a segment of FWD Elite agents. Such agents are eligible to participate in our FWD Elite programme if they meet certain qualification criteria, such as meeting or exceeding industry performance benchmarks in terms of income and productivity. The FWD Elite programme is a key part of our agency force through which we cultivate top-tier and digitally-focused agents, and invest in their future development. The FWD Elite programme offers access to training and incentives designed to help FWD Elite agents build meaningful and rewarding careers at FWD.

The following table shows the number of our MDRT-registered members as of the dates indicated below:

	As of 31 December		
	2022	2023	2024 ⁽³⁾
	<i>No. of MDRT-registered members⁽¹⁾</i>		
Hong Kong (and Macau)	647	468	594
Thailand (and Cambodia)	253	371	496
Japan	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾
Emerging Markets	1,324	1,291	998
Total	2,225	2,131	2,089

Notes:

- (1) MDRT-registered member statistics according to the MDRT Association as determined annually, based on specific qualification criteria in the prior year to determine MDRT eligibility.
- (2) Includes one MDRT-registered IFA in Japan in each of 31 December 2022, 2023 and July 2024.
- (3) Based on MDRT-registered member statistics published by MDRT in July 2024.

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The following table shows the number of our active agents for the years indicated below:

	Year ended 31 December		
	2022	2023	2024
	<i>No. of active agents⁽¹⁾</i>		
Hong Kong (and Macau)	1,178	1,375	1,311
Thailand (and Cambodia)	2,351	3,197	4,373
Japan	N/A	N/A	N/A
Emerging Markets	4,007	4,893	5,627
Total	7,536	9,465	11,311

Note:

- (1) Active agents refer to the monthly average number of agents who sold at least one case in each reporting month in that year.

We do not consider our agents to be employees of the Group across our Business Units. We provide competitive remuneration packages that reward high performance, align our agents with our customer strategy and drive agent recruitment. Our agent compensation generally comprises commissions calculated based on policy sales, sales incentives upon meeting specific sales volume and product mix thresholds as well as training and other expense reimbursements. We regularly review our compensation arrangements through market intelligence and benchmarking against peer companies in the relevant market.

Our contracts with agents are required to be, and are, in compliance with local regulatory requirements. These contracts contain a range of obligations that agents must comply with, including for the purpose of detecting and deterring agent misconduct. The contracts typically provide that agents must indemnify the contracting Group entity in full for breaches or losses suffered as a result of the Group entity being held responsible for the agent's breach of the agreement or for any misconduct by the agent.

Brokerage/IFA Channels

The brokerage/IFA channels consist of insurance distributors that employ a number of brokers and IFAs and sell the products of multiple insurers on a non-exclusive basis. We believe that we are able to offer a well-balanced and diversified distribution platform by supplementing our main distribution channels with our brokerage and IFA channels in certain markets. As of 31 December 2024, we had over 2,900 brokerage and IFA partners across our various markets. The VNB generated by our brokerage/IFA channels increased by 39.3% from US\$199 million in 2022 to US\$266 million in 2023 on a CER basis, and by 29.2% from US\$211 million in 2023 to US\$265 million in 2024 on a like-for-like and CER basis. We have undertaken a number of initiatives to support our brokerage and IFA partners, including

establishing dedicated relationship management teams that meet regularly with the management of these partners and providing dedicated sales and underwriting support and customised products where needed.

We generally focus on our key distribution partners by identifying a set of core brokers and IFAs, and providing them a wide range of benefits including access to facilities such as 1881 Heritage, and FWD Premier Business Centre to hold client events and enhance client relationships. We are also aiming to roll out a self-service agency portal as well as paperless products to our brokers to improve the customer experience.

Our brokerage/IFA channels are designed to align with the specific dynamics of each market, with a strong focus on serving targeted customer segments by offering tailored financial solutions that meet their needs and expectations.

- *Japan.* In Japan, where we are focused on individual protection insurance product sales, we currently distribute our products through different types of IFAs, mainly including shop-type agencies (which serve young retail customers with outlets in shopping malls) and door-to-door agencies (which sell insurance products to SME and HNW customers in person). We continuously refine our IFA network to partner with top-performing IFAs while expanding our offerings, such as medical, cancer, critical illness, and savings products, to strengthen our market position.
- *Singapore.* In Singapore, the IFA channel plays a vital role in our strategy to expand into the affluent and HNW segments, leveraging the city's position as a leading global wealth hub. Since launching term life sales via IFAs in 2020, we have continuously expanded our offerings, including unit-linked and participating fund products, while also strengthening our distribution network with over 4,900 IFAs and, in 2024, securing a MAS license for FWD Life (Bermuda) to further serve HNW clients via FWD Private. We expect to collaborate with IFA firms in Singapore to capture further HNW opportunities.
- *Hong Kong.* In Hong Kong, IFAs are instrumental to our operations with a growing portfolio in offshore business. As of 31 December 2024, approximately 81% of our IFA businesses in Hong Kong was from offshore customers, including the Greater Bay Area in China, Taiwan, South Korea and emerging markets such as Vietnam and Cambodia.

We provide competitive compensation to our brokers and IFAs, subject to the applicable regulations. Currently, our compensation to brokers and IFAs includes non-volume related incentives, such as marketing sponsorship for brand-building, training and compliance-related fees, as well as bonus payments related to service quality.

Other Channels

Our digital commerce channel focuses on our eCommerce initiatives through which we distribute simpler, typically smaller-ticket products such as life, health and accident products. The channel appeals to customers who prefer to self-manage their insurance needs at times that are most convenient to them by providing a simple, fast and seamless user experience that is available 24-hours a day on both desktop and mobile devices. In addition to serving as an important distribution channel, we believe that our digital commerce channel also increases the traction of our other channels through sales referrals as well as O2O lead generation and sales conversion.

We acquire our digital commerce customers by leveraging our eCommerce platform in the following three key areas: (1) digital direct to customers, (2) through digital platforms of partner banks and ecosystem partnerships, and (3) O2O referrals from other channels. We believe that D2C and online engagement is and continues to be an emerging and fast-growing trend in the life insurance market. We have developed our D2C capability with the establishment of our API-enabled eCommerce platform for our digital commerce offerings, which allows us to integrate into our distribution partners' systems. As of 31 December 2024, we had a comprehensive online offering of 68 products on-shelf for our customers, and have expanded our focus to strengthen offline, assisted-sales distribution channels.

Our ecosystem partnerships form a key piece of our digital commerce channel. By partnering with businesses across the eCommerce, retail and fintech industries, we are able to further penetrate various customer demographics and offer them seamless, integrated and customised lifestyle services. As of 31 December 2024, our partners included Traveloka, Grab and GCash. We also serve customers through collaboration and distribution agreements with our affiliate, bolttech, which is an insurtech platform operator and operates across over 35 markets. For further information on our transactions with bolttech, see "*Connected Transactions*."

The operating model for each ecosystem partner differs depending on the nature of the partnership, the alignment of products and propositions, and the market in which the partner is operating. In general, we seek to offer market-competitive compensation arrangements, such as advertising agreements, click-out payments and commissions.

Other Distribution Channels

Our other distribution channels include our affinity partnerships in Thailand where our products are distributed through these partners, our employee benefits business in certain markets as well as direct marketing and telemarketing channels.

OUR PRODUCTS

Life Insurance Products

Our key life insurance products include the following:

- *Participating life insurance.* Traditional participating life insurance products are contracts of insurance whereby the policyholders have a contractual right to receive additional benefits based on investment returns or other factors, normally at the discretion of the insurer, as a supplement to any guaranteed benefits.
- *Non-participating life insurance.* Non-participating life insurance products are contracts of insurance where the policyholder has a guaranteed right to the benefit, which is not at the contractual discretion of the insurer.
- *Critical illness, term life, medical and riders.* Critical illness, term life and medical policies are products that give policyholders a contractual right to receive benefits in the case of death, injury or illness. Riders are insurance policy provisions that add benefits to or amend the terms of a base insurance policy to provide additional options and coverage.
- *Unit-linked insurance.* Unit-linked insurance products are insurance products that link the customer's account value to the value of underlying investments. Insurance coverage, investment and administration services are provided, for which the charges are deducted from the customer's account value. Benefits payable will depend on the price of the units prevailing at the time of surrender, death or the maturity of the policy, subject to surrender charges. In general, the investment risk associated with the account value of these products is borne by the policyholder.
- *Group insurance and others.* Group insurance products include both group life insurance and group medical benefits that are offered to a group of customers under a master policy contract. Group insurance is typically marketed to corporations, government entities and associations, and coverage is typically arranged by employers for employees. Employers typically pay premiums for basic policies, such as group term life and group medical coverage. Others primarily included COLI products mainly sold to small-and-medium-sized companies in Japan to provide key-person protection, which represented less than 1% of our new business CSM in 2024.

BUSINESS

A high proportion of our APE is generated from regular premiums, which amounted to 85%, 89% and 86% of our APE in 2022, 2023 and 2024, respectively. The following table sets forth a breakdown of our APE and VNB by product category for the periods indicated below:

	Year ended 31 December					
	2022		2023		2024	
	APE	VNB	APE	VNB	APE	VNB
Participating life	17%	19%	27%	25%	38%	37%
Non-participating life	32%	25%	37%	29%	32%	28%
Critical illness, term life, medical and riders	22%	34%	19%	33%	17%	22%
Unit-linked	19%	12%	11%	8%	10%	8%
Group and others	10%	9%	6%	6%	4%	6%
Total	100%	100%⁽¹⁾	100%	100%⁽¹⁾	100%⁽¹⁾	100%⁽¹⁾

Note:

(1) Numbers may not sum up to 100% due to rounding.

Product Strategy and Development

We offer a diverse portfolio of life and health insurance, employee benefits (group insurance) and financial planning products.

We believe that we have introduced a variety of new products that present unique value propositions to our customers, examples of which are set forth below:

- in Malaysia, we introduced FWD SpecialMed in 2022, an online family takaful medical plan tailored for persons with learning disabilities, and FWD SpecialMed 2 in 2024, extending coverage to persons with hearing and visual disabilities; we also introduced an inflation-adjusted medical plan, under which the benefits and limit increase every three years;
- in Japan, we introduced FWD New Medical in 2022, which offers benefits beyond hospitalisation and surgery, covering survival risks including cancer, cerebrovascular disease, heart disease, outpatient care, disabilities and female illnesses;
- in Singapore, we introduced Preeminent Legacy in 2023, a whole-of-life protection product covering death and terminal illness, which is the first insurance plan in the Singaporean market allowing customers to access and invest in alternative investments managed by asset manager Apollo;

- in Hong Kong, we introduced Crisis USupporter and Crisis USupporter Pro in 2023, which offer comprehensive critical illness protection, with additional payout for critical illnesses diagnosed after experiencing designated crises and medically necessary infertility treatment due to such crises. The plans also provide critical illness coverage to the insured's parents and children without medical underwriting questions;
- in Thailand, we introduced Health Family Sharing in 2023, a policy that broadens the definition of "family" beyond traditional family relationships to include individuals such as LGBTQIA+ partners and allows customers to share the health coverage with family and loved ones. We also introduced FWD Life Up, the first term life insurance which gives customers the option to increase their coverage every year to help combat against inflation. In addition, we introduced a goal-based investment-linked sales journey which aims to assist customers to plan for and attain both protection and investment goals and to enable agents to offer interactive sales tools to visualise goals and solutions;
- in Philippines, we introduced The One for Gamers in 2023, the first insurance plan tailored for the gaming community. It offers customisable plan that includes life coverage, with options to add-on benefits from accidental death to critical illness, affordable premiums and no medical exams required. The plan also includes exclusive Mobile Legends: Bang Bang in-game rewards and eye care vouchers, making protection both relevant and accessible for gamers.
- in Hong Kong, we introduced Crisis EasyGo in 2024 to reduce the protection gap by allowing customers with certain medical histories to purchase critical illness cover. In addition, we further enhanced many existing saving and protection products' proposition and benefits for better customer value and sustainability; and
- in Singapore, we launched a product in 2024 under FWD Private, FWD Century Life, a participating whole life plan offering lifetime guaranteed legacy protection tailored for the high-net-worth segment.

Additionally, in 2024, we embarked on our new accident and health strategy and enhanced our focus on the health business, by establishing FWD HealthyMe. Our accident and health strategy focuses on three key pillars: (i) developing strong health insurance capabilities through improved claims management, health data analytics, customer retention initiatives, and expansion into new segments with tailored protection and insurance offerings; (ii) providing proactive care and early detection services, with the ambition of slowing or even preventing disease progression, by establishing regional partnerships with healthcare providers, along with diagnostics and technology firms; and (iii) enhancing and improving the combined customer health and insurance journey, including timely access to treatment through our network, integrated with insurance coverage and a seamless claims process.

Our product development process is customer-led and we rely on data analytics to gain insight into our customers and shape aspects of the design and launch of our products based on our customers' behaviours and needs.

PRICING AND UNDERWRITING

Pricing

We formulate our Group-wide product pricing methodology based on our Group Pricing Policy and Guideline, where Business Units are required to submit to Group Office a product approval report, which sets out details of product pricing and the relevant assumptions for each product. We determine the premium rates for our products using a number of factors, including product design, profit targets and competition. We base our calculations on a number of assumptions, including expected mortality and morbidity rates, persistency rates, lapse, interest rates, investment returns, commissions and allowances, operating expenses and inflation, as appropriate. These assumptions are derived primarily from our own experience, as well as broader industry experience and input from reinsurers, where appropriate. Each product is required to meet our pricing benchmarks on a standalone basis, thereby avoiding cross-subsidisation of products.

In determining product pricing, we aim to balance profitability, market competitiveness and customer fairness. To stay agile and competitive in the various markets we operate in, our product pricing teams work closely with our sales teams to understand and reflect market demand as well as solicit customer feedback.

Underwriting

We structure our underwriting process with the overarching goal of limiting friction in our customers' purchase process by using digital tools and enabling paperless straight-through-sales wherever possible. See “– Customers – Transforming the Customer Journey – Easy to Buy” for further details.

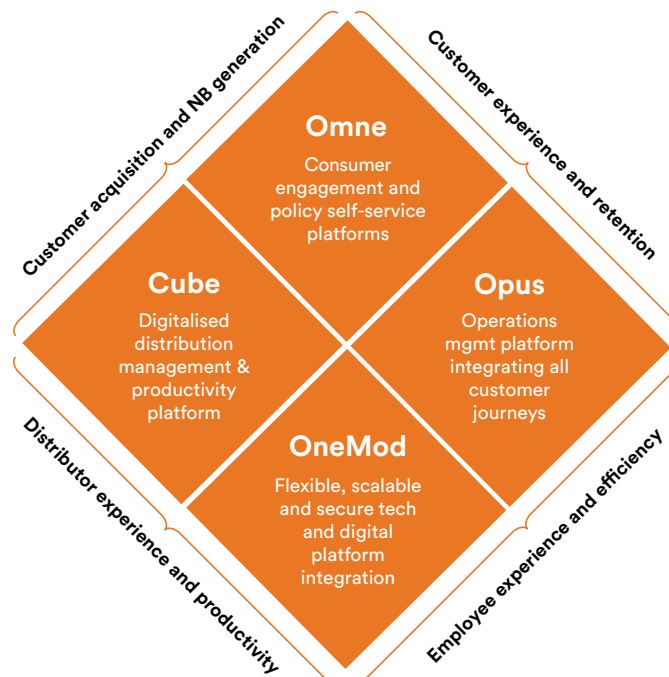
TECHNOLOGY AND DIGITAL

We take a customer-led approach to our technology through the entire insurance journey, driving us to build and distribute products which are easy to know, easy to buy, easy to claim, easy to engage and easy to love by customers. Our technology is built on integrated, scalable and modular architecture and is complemented by AI, data analytics, and cloud technology to facilitate customer experience, to protect and future-proof our business, and to deliver with speed and agility.

Data analytics and AI architecture are built into our operations and functions, including customer engagement, distribution and management of our customers' policies. As of 31 December 2024, we had 293 active AI models applied across our business, which increased to nearly 2 times as compared to the 152 active AI models deployed as of 31 December 2022.

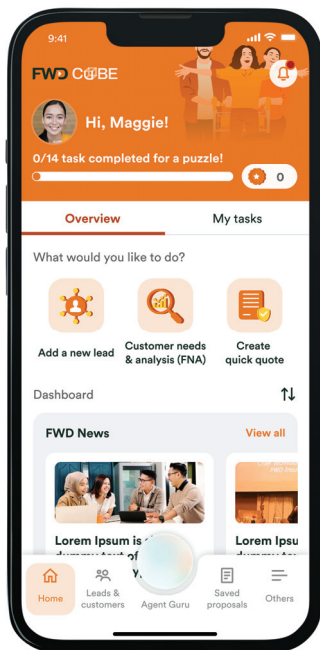
At the heart of our technologies is our proprietary cloud-based Data Mesh platform, a data ecosystem that manages customer data collected from multiple source systems in different markets and provides real-time data processing to support upstream and downstream front-end applications and back-end services. Launched in 2019, our Data Mesh platform supported all of our markets as of 31 December 2024, and was capable of consolidating and analysing data from over 570,000 data points, including our corporate databases and various social media channels, and presenting over 1,610 key profile attributes for a single customer. 80+ proprietary applications and 180+ active AI models are leveraging Data Mesh as of 31 December 2024. Our infrastructure is secured by strong data governance to ensure privacy protection and security with high data quality. See *“Risk Factors – Risks Relating to our Technology – Our proprietary AI models may not operate properly or as we expect them to, which could cause us to write policies we should not write, price those policies inappropriately or overpay claims that are made by our customers. Moreover, our proprietary AI models may lead to unintentional bias and discrimination.”*

Our early and historical investments in the Data Mesh platform have formed a solid foundation for our 85 proprietary data applications, thereby allowing us to meet the evolving customer needs in a timely manner. These robust technology and AI capabilities, and the digital infrastructure are cloud-based and seamlessly integrated across business functions and with external partners. As of 31 December 2024, 98% of our applications were migrated to the cloud. Cloud technology has positively impacted our software development and deployment, expediting time-to-market and enhancing customer experiences. This extends across our integrated digital platforms, which aim to enhance development efficiency and security and seek to maximise operating and financial benefits in the following four pillars:

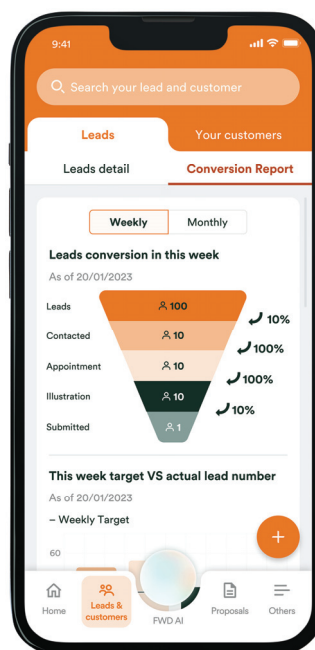


Sales Enablement – FWD Cube

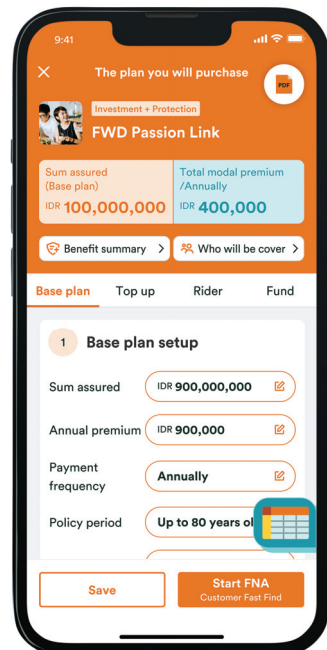
We have transformed our traditional face-to-face distribution channels by enhancing and empowering our agents and bancassurance partners with digitalised tools. To this end, we have developed and consolidated various tools and platforms into a consolidated seller tool to support the entire sales process, enabling analysis of customers' financial needs, quotations, eSubmission and automated underwriting. For example, we have streamlined the end-to-end sales journey through FWD Cube, which is primarily utilised by agents. FWD Cube seeks to maximise the agent lifecycle from recruitment and onboarding to sales by offering a unified experience through tablet, web and mobile apps. It provides agents with AI-enabled and data driven models to understand customer needs, customer segmentation and behaviours. In turn, we believe that this helps better serve protection needs, enables up-selling, cross-selling and remote selling opportunities. Key features are described below:



Shortcuts to most used functions such as quote creation and KYC



Leads conversion funnel enables agents to proactively manage leads and customers



Easy access to sale activities such as the base plan, riders, and fund allocation

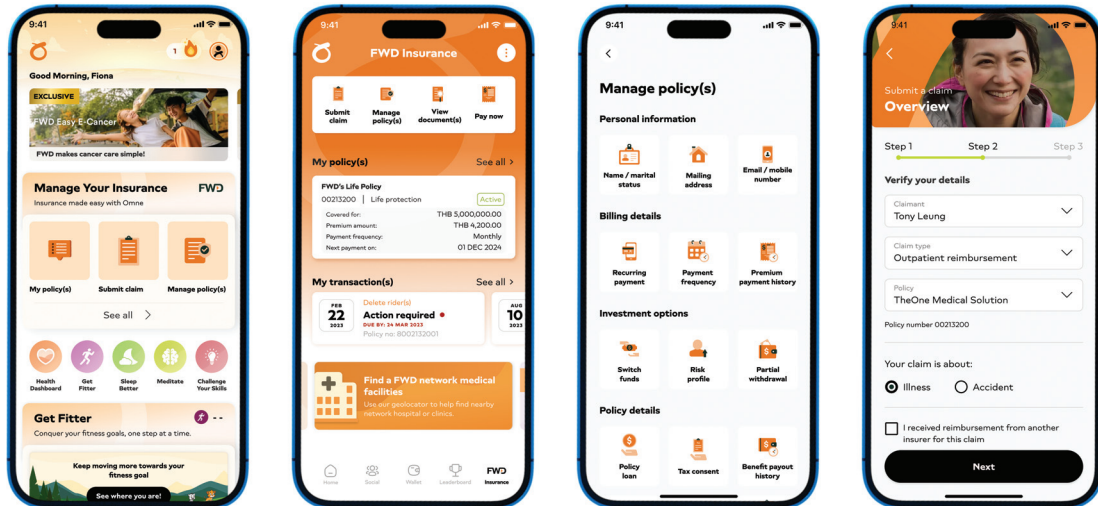
We believe that these technologies and tools have been well received by our partners and have significantly boosted their productivity. For instance, there has been significant success following the implementation of FWD Cube in our agency force in Thailand. Based on data available from October 2023 to June 2024, 90% of digital submissions were ultimately issued, including a protection mix of 64%. Agent productivity was strong, with an approximately 40% growth in average active agent count and an approximately 13% growth in average APE per month of protection product sales. Implementation of FWD Cube in Thailand has also enabled us to deliver increased automated underwriting cases from 62% in

2023 to 69% in 2024. Following the implementation of FWD Cube in Thailand, our average monthly call volume also reduced by 41% in 2024 as compared to the first quarter average of 2023. Implementation of FWD Cube in the Philippines and Malaysia has been equally strong. From October 2024 to December 2024, the adoption rate on FWD Cube grew from 96% to 100% in the Philippines and grew from 15% to 48% in Malaysia. Similarly, we have been able to swiftly roll out such tools to our other partnerships, such as bancassurance partners and brokers, in order to transform sales force productivity for our strategic partners via FWD Cube.

Customer Engagement – FWD MAX and FWD Omne

We are focused on providing our customers with a seamless and easy customer experience through a combination of digitalised and human services. To maximise customer touchpoints and foster stronger connections beyond products and services, we have launched our customer engagement apps, FWD MAX and FWD Omne. FWD MAX is our award-winning digital platform in Hong Kong designed to enhance customer engagement through a variety of lifestyle experiences, utilising data analytics to deliver tailored offers, rewards, experiences, articles and videos, FWD MAX also enables user-friendly digital interactions to enhance the agent-customer connection. For the awards received by FWD MAX, see “– *Awards and Recognitions.*” FWD Omne is our digital app for insurance self-servicing and claims in Thailand, Cambodia, Japan, Philippines and Indonesia, with other markets to follow. Through this 24/7 self-service platform, our customers can obtain and manage their own policies, as well as submit claims for instant processing and payments. Leveraging our proprietary AI-powered fraud detection solution and optical character recognition capabilities for claims submission, we are able to provide instant payment for claims. The platform includes selected content designed to complement our broad suite of product offering with the aim of achieving higher customer retention rates.

Through FWD Omne, insurance can be managed quickly and easily as illustrated below:



Overview page with easy access to customer engagement functionality

Insurance dashboard provides a quick view of policies and latest updates

FWD Omne empowers customers to digitally manage their policies seamlessly

Submitting a claim through FWD Omne is as easy as 3 steps

Operations Management Platform – FWD Opus

FWD Opus is our operations management platform integrated across customer engagement platforms and channels, which aims to provide a frictionless customer experience and increase our operational efficiency. It enables the simplification of core operational flows in customer journeys such as purchasing, onboarding, servicing, and claims while supporting automation and straight-through processing (“STP”). FWD Opus enables paperless operations through automation and digitisation of core operational processes and enhances STP outcomes. Through management dashboards and reporting on FWD Opus, we can analyse KPIs and outcomes of strategic initiatives. Additionally, by streamlining process delivery through the value chain, we target to optimise the time and resources required for delivery, while also maximising the performance of our employees through productivity management and employee support.

Scalable and Modular Technology Roll-out – OneMod

We have built a scalable, modular and secure enterprise architecture that underpins and supports FWD Omne, FWD Cube and FWD Opus, and our other digital, data and technology assets. This OneMod architecture is capable of leveraging real-time data insights in applications and providing 24/7 services across all stages of the insurance value chain supporting claims, purchasing, policy management, and customer engagement. Through our OneMod initiative, we are able to improve operational and cost efficiency in various aspects, such as reducing the average lead time for product launch by 29 days. We

target to continue improving our cost optimisation and revenue generation through our technology roll-out plan across the Group as well as expand the platform to cover more functional areas of the insurance value chain like our contact centre.

We have retired legacy applications and unified our applications through platform technology. As of 31 December 2024, we had decommissioned 99% of applications that we had targeted for retirement, compared to 90% as of 31 December 2022.

Data Analytics and AI

Underlying each of our digital platforms is the data analytics and AI which we have applied across our sales, underwriting, claims, policy administration, actuarial, collections and finance functions. To automate our processes and enhance operational efficiency, we have introduced the following key initiatives:

- *AI Underwriting:* AI-driven underwriting complements our automated underwriting engine to provide a faster and simpler underwriting process to our customers. We have reduced our number of underwriting questions and refined them to solicit more relevant and accurate data, which helps us to better and more quickly assess a potential customer's health condition for underwriting. We have leveraged GenAI technology to enhance our operational efficiency in 2024. For example, Gen AI Assist for Underwriting facilitates web searches for medical information which aids underwriters in risk assessment, analyses and summarises customer data, and provides recommendations for decision-making. Our new GenAI chatbot in Japan, Kazuma-AI, has reduced 30% of inbound inquiries in just two weeks of launching by providing real-time underwriting-specific answers to IFAs. In addition, our GenAI underwriting tool has reduced the time to process manual underwriting cases by 36% and doubled the productivity levels of manual underwriting team.
- *AI Vision:* By extracting text from documents such as identification documents for the electronic Know Your Customer ("eKYC") process and claims documents, we have streamlined operations and enhanced our STP capabilities. For instance, in 2024, FWD Vision achieved an 97% accuracy rate in processing Japanese hospital receipts and treatment details documents.
- *AI Fraud Detection:* AI Fraud Detection is our proprietary AI-powered fraud detection solution, which is integrated with our claims system. We have rolled out AI Fraud Detection in Hong Kong, Thailand and Japan as of December 2024.
- *Leads Enrichment and AI Lapse Prevention:* In 2024, we launched 540 AI monetisation campaigns across all of our markets, which include acquisition, cross-sell, up-sell, renewal, reinstatement and win-back campaigns. In particular,

we seek to identify the needs and products for customers to initiate automatic targeted customer engagement. AI Lapse Prevention offers insights to enhance the efficient allocation of resources, with a focus on targeting high risk cases to settle renewal premiums.

- *Leads Management:* We manage leads through an integrated approach, and embed AI and data-driven insights along the sales journey, to enhance the selling experience. We target higher conversion and cross-selling opportunities by providing a personalised and holistic view of our customers' insurance needs. As a result of our AI campaign, our Group's incremental new VNB from up-selling and cross-selling reached US\$37 million in 2024.

OUR OPERATIONS IN OUR GEOGRAPHIC MARKETS

Our subsidiaries operate the Group's life insurance business across Hong Kong (and Macau), Thailand (and Cambodia), Japan and the Emerging Markets, which include the Philippines, Indonesia, Singapore, Vietnam and Malaysia. As used herein, references to "we" and "us" are to our subsidiaries operating our insurance business in each of our geographic markets.

Hong Kong (and Macau)

Market and Business Overview

While Hong Kong is a mature insurance market, the demand for life insurance products continues to grow, driven by solid demographic and macroeconomic tailwinds. With favourable demographic trends, there is growing demand for retirement and health products, as well as untapped potential in medical protection products. The expanding affluent class in recent years has also contributed to an expanding HNW individual population providing further potential for future growth in this sector. Benefited by geographical proximity, it is popular among MCVs to seek additional insurance protection in Hong Kong. Historically, insurance sales from MCVs have contributed to a significant portion of total industry sales, although it slowed down due to travel restrictions imposed during part of the Track Record Period as a result of the COVID-19 pandemic. The Hong Kong-mainland China border reopened in early 2023, resulting in strong recovery in MCV sales in 2023, which continued through 2024.

FWD Life (Bermuda), FWD Life (Macau), FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong) operate the Group's life insurance business in Hong Kong and Macau. In February 2013, we acquired FWD Life (Bermuda) and FWD Life (Macau) from ING. Following the acquisition, we have been expanding our presence in Hong Kong with our customer-led brand and our vision to change the way people feel about insurance. We completed the acquisition of MetLife Limited and Metropolitan Life Insurance Company of Hong Kong Limited in June 2020 (subsequently rebranded as FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong), respectively). In 2023, we launched FWD Private, a new

brand proposition exclusively dedicated to serving HNW individuals. It offers comprehensive insurance solutions that cater to our customers' needs for global asset allocation, diversification, and wealth appreciation, as well as their desire for legacy planning. We have also set up a Centre of Excellence with dedicated resources to engage business partners and provide support.

Our TWPI (non-IFRS measure) in Hong Kong (and Macau) was US\$1,664 million, US\$1,708 million and US\$2,106 million in 2022, 2023 and 2024, respectively. From 2014 to 2024, our VNB in Hong Kong (and Macau) has grown 3 times from US\$80 million to US\$333 million. Our VNB in Hong Kong (and Macau) increased by 49.3% on a CER basis from US\$216 million in 2022 to US\$323 million in 2023, and by 32.5% from US\$251 million in 2023 to US\$333 million in 2024 on a like-for-like and CER basis.

We operate a multi-channel distribution model in Hong Kong and Macau, including tied agents, bancassurance, brokerage and digital commerce. Our scale extends across these channels, evidenced by us ranking as a top five life insurer by the aggregate of all single premiums and all first year premiums in each of the bancassurance, agency, brokerage and direct distribution channels in Hong Kong in 2023, according to NMG.

Our agency distribution channel has grown significantly in recent years. Our agency force comprised approximately 4,400 agents as of 31 December 2024, including 594 MDRT-registered members in Hong Kong and Macau. We have the fifth largest number of MDRT-registered members in Hong Kong, and our agency distribution channel in Hong Kong ranked fifth in market share by APE in 2023, according to NMG. Our agency recruitment strategy mainly focuses on organic recruitment. We have been investing in our in-house agency leaders to recruit and build up our sales force. We and our agents have won multiple awards from Hong Kong Federation of Insurers, Hong Kong Management Association, Bloomberg, Institute of Financial Planners of Hong Kong and the Life Underwriters Association of Hong Kong.

For our bancassurance channel, we cooperate with Bank of Communications (HK) Ltd, China Construction Bank (Asia) Corporation Limited, E.Sun Commercial Bank, Ltd, Industrial and Commercial Bank of China (Asia) Ltd, Nanyang Commercial Bank, Limited, CMB Wing Lung Bank-Macau Branch, China CITIC Bank International Limited Macau Branch and CTBC Bank Co. Ltd under a non-exclusive, preferred banking partnership model where we align our product proposition with the banks' segmentation strategy, provide tailored training programmes for banks, launch co-branding programmes such as co-branded credit cards and deploy digital tools to help us and our banking partners to enhance the sales and customer journey. Additionally, our long-term partnerships with the Hong Kong-incorporated bank subsidiaries of leading PRC banks allow us to tap into the vast population across the Greater Bay Area.

Brokers in Hong Kong strategically target MCVs and HNW individuals and we believe that our brokers are well-positioned to take advantage of the forecasted market growth and potential insurance opportunities in the Greater Bay Area. We also revamped the self-service portal for our brokers and rolled out a digital onboarding system with one of our brokers to enhance sales and customer experience.

Consequently, through such bancassurance partners and brokers, we are able to present diverse and tailored product solutions to a wide group of HNW and mass affluent customers.

We also strive to make digital insurance more accessible to customers through our digital commerce distribution, including our D2C eCommerce platform, digital ecosystems and partnerships, as well as our O2O digital referral model. By optimising our customer-led eCommerce platforms with simplified design and a straight-through product application process, we seek to further increase online traffic at our platforms and increase the online purchase conversion rate. We also distribute our products through the platforms of our digital partners, including online brokers, large eCommerce websites and e-wallets platform, and capture cross-selling opportunities by offering exclusive rewards for the members of such partner websites. Furthermore, we seek to maximise cost efficiency through O2O sales conversion through effective online lead management, digital referrals and data analytics capabilities.

In terms of customers and products, we have been diversifying our product portfolio based on evolving customer needs. We have diversified our product suite from universal life products to participating and protection products, including critical illness, medical and life policies, which are less sensitive to interest rate movements and could enhance our profit margin. In 2024, our top three product categories by APE contribution for the region were participating life (86%), non-participating life (9%) and individual protection (4%). In addition to life insurance, we also distribute MPF products for our partner, general insurance products for bolttech, and mutual fund products through FWD Financial Planning. Additionally, we have launched a number of new products that present attractive value propositions to our customers, including Crisis EasyGo series. See “– Our Products – Product Strategy and Development.”

As digitalisation is key to our growth strategy, we have invested heavily in R&D. In terms of customer servicing, our AI chatbot with real-time and multi-language support capabilities currently handles approximately 54% of our call centre traffic. We have also implemented automated underwriting, accepting an increasing number of e-submissions of new insurance applications, and providing digitalised customer management support for our distribution channels.

We have promoted systems integration between Hong Kong and Macau to enable us to shift sales and operations across the two markets in a flexible and agile manner. We also benefit from shareholder support and work closely with affiliated companies such as the HKT Group and the bolttech Group on cross-selling and other collaboration opportunities.

Strategy

In the Hong Kong and Macau markets, we aim to improve profitability, accelerate protection growth and eliminate expense overrun by:

- further strengthening our multi-channel strategy, including expanding our agency force, driving digital adoption by our agency force to enhance productivity, promoting the preferred partner model for our bancassurance and brokerage channel to deepen penetration in HNW and targeted customers, and further broadening our customer reach and deepening customer engagement through our digital commerce channel;
- product revamps and launches to enhance value creation, such as enhancing core critical illness and medical products with new features and enriching the packaging of savings products to differentiate ourselves from our peers;
- pursuing digital advancement to achieve operational excellence, through technologies and initiatives such as our cloud computing, automated underwriting, digitalised sales and services platforms, and AI chatbots;
- continuing to focus on growing our sales volumes to MCVs via our multiple channels following the Hong Kong-mainland China border reopening in early 2023; and
- tapping into strong growth of HNW individuals through the FWD Private brand.

Thailand (and Cambodia)**Market and Business Overview**

We believe that there is significant untapped potential within the Thailand life insurance market as the population remains substantially underinsured. In addition, Thailand's aging population has increased the demand for protection, medical and pension products.

We commenced life insurance business in Thailand in 2013, when we acquired ING's life insurance business in the country and rebranded it as FWD Thailand, our regulated insurance subsidiary which operates our business in Thailand. In September 2019, we acquired SCB Life, which amalgamated with FWD Thailand in October 2020, significantly enhancing our business scale, distribution reach and brand visibility. We are now the second largest insurer and the largest bancassurer by APE in Thailand in 2023 according to NMG. Our TWPI (non-IFRS measure) in Thailand was US\$2,166 million, US\$2,390 million, US\$2,468 million for 2022, 2023 and 2024, respectively. Our APE in Thailand grew by 26.9% from 2022

to 2023 on a CER basis and decreased by 3.7% from 2023 to 2024 on a like-for-like and CER basis, compared with an industry average CAGR of approximately 10% on a CER basis from 2021 to 2023, according to NMG.

We operate under a multi-channel distribution model in Thailand, including bancassurance, agency, brokerage and other partnerships, as well as digital commerce channels. We ranked as the leading insurer in three out of these five channels and the top two life insurer in Thailand by APE in 2023, according to NMG.

We have built our bancassurance channel in Thailand through our current exclusive partnership with SCB, one of the largest banks in Thailand based on total assets, according to NMG. Our bancassurance partnership with SCB commenced in 2019 and is now the leading bancassurance platform by APE in Thailand, according to NMG. In 2022, our VNB generated from our partnership with SCB grew by 15.5% from 2022 to 2023 on a CER basis and by 9.9% from 2023 to 2024 on a like-for-like and CER basis. SCB has multiple digital channels with an array of products to serve its customers, including its SCB EASY app, which had approximately 15 million users as of 31 January 2025, according to NMG.

From the beginning of our partnership with SCB in 2019, we have worked closely with the bank, launching new products in just three months from commencement of our partnership. In 2024, we also launched nine new products and riders through our partnership with SCB. We continue to cooperate in building data analytics models, including Propensity to Buy and Next Best Offer, which analyse a customer's life stage, coverage gap, persona and purchase behaviour to predict what is the next best appropriate product for the customers, prompting customised product recommendations that are tailored to cover the customer's specific protection needs. As of 31 December 2024, we had a base of approximately 1.7 million policyholders through our partnership with SCB. With the support of our digital capabilities, SCB more than doubled in leads conversion as compared to pre-implementation of our sales enablement tools. We believe that the above initiatives have supported our strong post-acquisition organic growth in policyholder base and financial performance.

In April 2023, in recognition of our bancassurance partnership with SCB being the largest contributor to our APE and VNB in Thailand, and the delivery of strong organic growth, we extended our partnership with SCB for a further two years. This extension, as well as entering into new distribution partnerships with SCB affiliates Card X Company Limited and AutoX Company Limited in 2023, in addition to our existing arrangement with SCB Protect Company Limited, demonstrates the strength and breadth of our partnership with SCB and the SCBX Group and will allow us to deliver on our strategy of enhancing our bancassurance channel and distribution reach in Thailand.

Our second largest distribution channel in Thailand is the agency channel, with approximately 15,300 agents in Thailand, as of 31 December 2024. We ranked second in the MDRT 2024 rankings for life insurers in Thailand based on the number of MDRT-registered

members, with 493 MDRT-registered members as of December 2024. To meet evolving customer needs, we are offering more riders through the agency channel. Riders are additional benefits or coverage that customers can select to add to a base insurance policy to provide further protection.

We have introduced a number of new products and tools, including mobile applications, in Thailand to empower our customers and distributors. We offer products such as life insurance, personal accident and health products through our eCommerce platform on a D2C basis. In recent years, the focus of our product portfolio has changed from short- and medium-term savings products to protection and health. In 2024, our top three product categories by APE contribution for Thailand and Cambodia were non-participating life (79%), individual protection (8%) and unit-linked (7%).

Strategy

To achieve continued growth in Thailand, we aim to:

- sustain leadership in bancassurance sales by increasing penetration in the SCB customer base through further digital integration and customer insights and expand health and protection growth through the SCB Protect direct sales force;
- develop digital customer engagement and servicing ecosystems to enhance operational efficiency, eliminate manual processes, support sales and strengthen our multi-channel distribution capability;
- continue to drive quality growth and improvement in our agency channel through increased recruitment, campaigns and training;
- promote sales of protection products and riders to provide customers with relevant protection cover and improve our new business margin; and
- launch new, simple and personalised customer-facing platforms based on our AI data analytics and interconnected technology backbone.

Cambodia

In December 2020, we acquired Bangkok Life Assurance (Cambodia) Plc. (renamed as FWD Life Insurance (Cambodia) Plc.) to operate our insurance business in Cambodia. FWD Cambodia launched operations in Cambodia in September 2021. Our bancassurance channel comprises exclusive partnerships with First Finance Plc and Chip Mong Commercial Bank Plc. Our operating model is:

- to leverage the digital capabilities and back-office infrastructure of our leading Thailand business to position FWD Cambodia as a digital leader with paperless and highly automated operations underpinned by an efficient capital structure;

BUSINESS

- to leverage our digital capabilities to serve a multi-channel sales model across bancassurance and agency sales;
- to develop a product portfolio with focus on endowment products packaged with protection riders, complemented by simple protection products such as term life and credit life; and
- to focus on the emerging-middle to upper-middle-class Cambodian customers, primarily residing in major urban areas.

Japan

Market and Business Overview

FWD Life Japan operates as a specialist life insurer focusing on individual protection business sold through the IFA channel in Japan. We also sell individual protection products direct to consumers via our digital commerce channel.

We commenced our operations in Japan after we completed the acquisition of AIG Fuji Life Insurance Company, Limited from American International Group, Inc. (“**AIG**”) for US\$330 million in April 2017, which was subsequently rebranded FWD Life Japan, our regulated insurance subsidiary which operates our business in Japan. Our TWPI (non-IFRS measure) in Japan was US\$1,757 million, US\$1,579 million, US\$1,249 million in 2022, 2023 and 2024, respectively. The decrease was primarily due to the shift in product strategy from COLI to individual protection products which have a higher profit margin, as well as depreciation of the Japanese Yen against the US dollar. The new business CSM reached a year-over-year CER growth of 21% from 2023 to 2024 on like-for-like basis.

In response to regulatory changes and industry trends, we have pivoted away from COLI towards individual protection products. The APE generated from COLI as a percentage of total APE in Japan significantly decreased from 20% in 2022 to 8% in 2024, with the percentage of individual protection products rising from 80% to 92%. We have repriced and updated our individual protection product offerings and introduced 8 new products from 2022 to December 2024. In 2024, our top three product categories by APE contribution for the region were individual protection (91%), group and others (8%) and non-participating life (1%). Our major product lines in Japan include medical, cancer, critical illness and monthly income benefit, and we are a leader across these products. Due to our efforts to accelerate the offering of individual protection products, our VNB in Japan, excluding COLI, grew by 16.6% from 2022 to 2023 on a CER basis, and by 13.1% from 2023 to 2024 on a like-for-like and CER basis. We believe that we operate a competitive and sustainable business model focused on the specialised but large individual protection market. We aim to gain market share and believe that there is ample room to grow in this market segment. Furthermore, we continue to explore profitable proposition innovations in Japan, including within the savings and investment sector. We are currently planning to enter the savings and retirement market with the launch of a savings product, which we expect to launch in 2025.

Our distribution model in Japan is primarily focused on the IFA channel, supplemented by the digital commerce channel. In Japan, IFAs distribute products via various avenues, including shop-type agencies (which serve young retail customers with retail-style outlets) and door-to-door agencies (which sell insurance products to SME and HNW customers in person). We are regularly refreshing our IFA force to capture the top nationwide IFA partners in the market while reducing the number of IFAs with low productivity. Our D2C distribution also allows customers to purchase our insurance products directly through our website or by mail.

We operate with a relatively small sales force in Japan, but in the post-COVID-19 environment, we have hired and trained new sales staff with the intention of strengthening our ability to make proposals to IFAs. In addition, we are looking to improve productivity through the use of digital tools. As a result of our efforts to improve the capacities and capabilities of our sales staff as specialists in protection, we believe that our sales force has been able to maintain higher productivity than most of our competitors, which has allowed us to strengthen our relationships with IFAs.

In addition, we have invested heavily in research and development in accordance with our digitalisation strategy. Our operations are supported by robust technology capabilities and digital infrastructure which is cloud-based and seamlessly integrated across our business functions. As part of our business digitalisation, we have introduced multiple key technologies and initiatives that cover key areas of our operation. For example, we have increased our operational efficiency, and business scalability through digitalisation of our operations and utilisation of cloud infrastructure to host our applications and servers. We have also enhanced customer satisfaction in claims processing through automation. Our STP and AI Claims 2.0 systems have increased processing speed, reduced error ratios and cut waiting time by employing analytics-driven software.

Strategy

To achieve continued growth in Japan, we aim to:

- maintain an agile business model to adapt to changes in customer, product and regulatory trends in the Japanese insurance market; to achieve this, we have reengineered our approach to product development and delivery to meet the evolving needs of Japanese consumers and IFA distributors;
- focus on the sales of individual product offerings such as medical, cancer and critical illness and monthly income benefit, as well as explore products and propositions within the savings and investments sectors, via IFA and digital commerce, to further increase our market share in our target segments;

- accelerate the digitalisation of our operations and products, including the introduction of paperless and automated processes, customer self-service portals and enhanced integration with our distribution partners to become a digitally-oriented insurance company; and
- enhance our operational efficiency, including by promoting digitalisation and optimising our workforce structure.

Our Emerging Markets

Market and Business Overview

Through our regulated insurance subsidiaries, we operate in key and fast-growing markets in Southeast Asia, including the Philippines, Indonesia, Singapore, Vietnam and Malaysia. Except for Singapore, these markets share features such as a large and expanding labour force, robust economic growth underpinning a growing middle class with wealth accumulation, improving financial inclusion across socio-economic classes accelerated by increased access to technology, and an underpenetrated and underserved population. Additionally, except for Singapore, the level of insurance penetration in these emerging markets, measured by calculating insurance premiums as a percentage of total GDP in a given market, was less than 5% as of 31 December 2023, according to NMG, with growing health and protection awareness in these markets is expected to increase per capita spending on insurance.

Emerging Markets have been a key growth engine for us, and represented 11.2%, 11.5% and 12.2% of our total TWPI (non-IFRS measure) for 2022, 2023 and 2024, respectively. We believe that we are well-positioned to capture the substantial and dynamic opportunities in these markets, leveraging our technology enabled and diverse distribution channels and customer propositions. In 2024, our top three product categories by APE contribution for the region were unit-linked (36%), individual protection (33%) and non-participating life (21%).

As of 31 December 2024, we had over 35,300 agents, 15 bancassurance partners, as well as various brokerage/IFA partners, digital commerce platforms and eCommerce partners in Emerging Markets. Among our Business Units, our digital adoption is most progressed in Emerging Markets with a 100% agency digital adoption ratio and 100% eSubmission in all markets in each of 2023 and 2024 and fully automated underwriting available in the Philippines, Singapore, Indonesia and Malaysia. We have generally outperformed our competitors in these markets, and our APE growth has exceeded the industry APE growth in each of the countries in Emerging Markets, according to NMG. Our TWPI (non-IFRS measure) in Emerging Markets was US\$708 million, US\$739 million and US\$809 million in 2022, 2023 and 2024, respectively.

Strategy

To achieve continued growth in our Emerging Markets operations, we aim to:

- optimise our product mix with a focus on individual protection products to target the needs of various segments, including the micro segment, as well as to target the needs of middle class, upper-middle class, affluent and HNW customers;
- enhance our exclusive partnerships with leading banks in the respective markets, accelerate FWD Elite agency growth, establish new ecosystem partnerships for digital commerce strategy, and drive superior customer service through digital end-to-end customer journeys;
- achieve larger business scale through sustainable organic growth and enhanced profitability;
- build a team of talented employees to challenge industry traditions and create a unique and engaging work environment; and
- further promote digital differentiators in line with our overall Group strategy to attract customers and enhance our productivity and operational efficiency.

We have also tailored specific market strategies based on our operating history and industry dynamics, and target to:

- (in the Philippines) focus on our target customer segments of HNW individuals by deepening our brand presence in Metro Manila, Davao and Cebu;
- (in Indonesia) optimise and enhance performance, agency force, distribution access, customer reach as well as product mix following our amalgamation of PT Commonwealth Life and FWD Indonesia, minority investment in BRI Life and subsequent entry into partnership with Bank BRI;
- (in Vietnam) accelerate our activation of the VCB customer base with a wide range of new products and lead the market through our distribution practices to offer simple and relevant propositions; and
- (in Malaysia) realise synergies through our presence in Malaysia via FWD Takaful and FWD Life Malaysia, including by tapping into the agency force of FWD Life Malaysia for takaful sales and placing a target operating model across both businesses to deliver operating efficiencies.

The Philippines

Through FWD Philippines, we are the first foreign life insurer licensed by the Insurance Commission under the new Insurance Code, Republic Act No. 10607 which was enacted into law in 2013, to operate in the Philippines. We launched commercial operations through FWD Philippines in September 2014. Our APE in the Philippines grew by 18.1% from 2022 to 2023 on a CER basis and by 48.5% from 2023 to 2024 on a like-for-like and CER basis. According to NMG, the industry APE in the Philippines grew at a CAGR of approximately 5% on a CER basis from 2021 to 2023. In 2023, we ranked as the third largest life insurer in the Philippines as measured by new business APE, according to Philippines Insurance Commission, according to NMG.

Since entering the market, we have, and continue to develop, new products and services to meet the protection and investment needs of our target customers, including mass affluent, HNW and OFW segments.

As of 31 December 2024, we had approximately 14,100 agents in the Philippines, and continue to develop a trusted and digitally-literate agency force through recruitment and MDRT development. As a result of our efforts in growing our agency distribution capabilities, our agency force in the Philippines increased at a CAGR of 62% from 2022 to the 2024. We ranked second in the MDRT 2024 rankings for life insurers in the Philippines based on the number of MDRT-registered members, with 368 MDRT-registered agents as of December 2024. We also forged a successful long-term exclusive bancassurance partnership with Security Bank in 2015, through which we effectively utilise both bank staff and our insurance specialists across its network of over 300 branches to optimise sales productivity and explore further opportunities such as the launch of a co-branded debit card and the promotion of our products on Security Bank's ATMs and online platform. Under this partnership, we have successfully achieved an increase in Security Bank's sales productivity as demonstrated by a 76% increase in monthly average case count per active financial sales consultant from the launch of our partnership in 2015 to 2024 to reach an average monthly case count of over 10 in 2024 which, in turn, resulted in the increase in bancassurance APE generated by Security Bank at a CAGR of 21.5% over the same period. To demonstrate both our and Security Bank's respective investment in the partnership and its strategic importance, on 12 December 2024, we announced the extension of our partnership with Security Bank. We also operate a direct digital channel and have proactively integrated our online and offline offerings to increase our sales. As of 31 December 2024, we had more than 124,200 policyholders from Security Bank.

We were the first insurance provider in the country to launch in-market 24-hour customer service in 2017, to obtain approvals from the regulators to offer remote insurance sales through the use of electronic signatures and to conduct remote recruitment by self-certifying agents during the COVID-19 pandemic. In 2018, we launched FWD Tapp, which offers customers a 24-hour information gateway and service centre and allows our customers to access and manage their insurance policies with us quickly and easily. The Philippines was also among the first markets where we launched AI², our AI-driven financial

planning tool. We have employed new technologies and tools to boost our productivity in the Philippines. For instance, APE per active agent in Philippines was approximately PHP113,000 for the period between August and December 2023. Upon adoption of virtual coach (i.e. Guru), APE per active agent for Guru users increased to approximately PHP123,000 for the same period in 2024, whereas APE per active agent for non-Guru users remained the same, reflecting an effective 10% uplift in agent productivity through Guru.

Indonesia

We commenced business operations in Indonesia in June 2015 and consolidated FWD Indonesia's business in our financial results from 2015. FWD Indonesia, which is our regulated insurance subsidiary operating our insurance business in Indonesia, received a Shariah-compliant life insurance licence in 2015 and launched its first Shariah product in 2016 aimed at the majority Muslim population in the country. We completed the acquisition of PT Commonwealth Life in June 2020 and as of December 2020, we integrated the two companies under one platform with unified products and systems. The APE of our Indonesia business increased by 2.1% from US\$51 million in 2022 to US\$51 million in 2023 on a CER basis, and decreased by 5.5% from US\$44 million in 2023 to US\$40 million in 2024 on a like-for-like and CER basis, primarily due to lower sales resulting from the acquisition by PT OCBC NSIP Tbk of PT Bank Commonwealth (with whom we previously had an exclusive distribution agreement). According to NMG, the industry APE in Indonesia declined at an annualised basis of approximately 1% on a CER basis from 2021 to 2023. In 2023, we ranked as number one on aggregate individual and group bancassurance new business APE, according to NMG.

As of 31 December 2024, FWD Indonesia had approximately 2,800 agents, and our agency channel's APE grew by 17.6% from 2022 to 2023 on a CER basis and by 1.5% from 2023 to 2024 on a like-for-like and CER basis. We have non-exclusive bancassurance partnerships with PT Bank OCBC NSIP Tbk and PT Bank Mestika Dharma Tbk, and in 2024, we launched a non-exclusive partnership with Bank Syariah Indonesia, with an objective of expanding credit life and Sharia business in Indonesia. In 2022, we entered into the ecosystem partnership space with Traveloka, Southeast Asia's leading digital travel and lifestyle booking platform. Through this platform, we provide users with convenient access to comprehensive protection, offering customisable health insurance benefits and affordable cancer protection since early stages without requiring any medical check-up.

We have conducted extensive customer research to create a product portfolio that best caters to the needs of Indonesian customers. Unit-linked products have historically comprised most of our insurance product sales in Indonesia. Regulatory changes in Indonesia have imposed various offering, marketing, management of assets and operational requirements on investment-linked insurance products. See "Regulatory Overview and Taxation — Laws and Regulations relating to the Group's Business and Operations in Indonesia — Investment-linked insurance products". FWD Indonesia complied with the new investment linked insurance regulations in 2023, which also served as an opportunity to enhance the level of protection provided to customers and as such, we made a strategic

decision to shift our focus to also target traditional critical illness products with a protection focus. We offer FWD Critical Armor, which covers up to three critical illness claims in a single policy, and recently launched FWD Whole Life Protection, both of which reinforce our protection focus. We have also introduced a number of new products in Indonesia, including a medical care Shariah product that can be bought online with an in-patient, hospital health benefit.

Since the inception of the business, FWD Indonesia has operated on a paperless and cashless basis, including e-submission, electronic signature as well as electronic policy issuance and delivery. We have also launched an e-claims process and an e-policy assistant to allow our customers to complete a substantial amount of their transactions with us online by themselves. For our distribution channels, we have automated our agency recruitment process and provide e-training through our e-licensing platform to onboard our new agents.

In order to extend our Group's insurance expertise and capabilities to more customers in Indonesia, in March 2021, we subscribed for 29.9% of the issued share capital in BRI Life, the largest bancassurer in Indonesia in 2023 in terms of the aggregate individual and group bancassurance APE, according to NMG. As of 30 June 2024, BRI Life had more than 18 million customers.

Our Group also agreed to provide additional capital contribution to BRI Life, which has increased our stake in BRI Life to 44.0% as of 31 December 2024. Concurrently with our initial subscription into BRI Life, BRI Life entered into a 15-year exclusive distribution partnership with Bank BRI. Bank BRI is one of the largest banks in Indonesia by market capitalisation as of 30 June 2024, according to NMG. As such this collaboration strategically complements our own agency channel and our non-exclusive bancassurance partnerships. Bank BRI shares our focus on strong digital capabilities that enable cost-effective access to the customer base with predominantly protection products, as evidenced by an approximately 25% year-over-year increase in BRIMO mobile app users as of 30 September 2024. Since our initial investment in BRI Life, its VNB has increased by 34% from US\$26 million in 2022 to US\$35 million in 2023 on a CER basis, and by 12.8% from US\$35 million in 2023 to US\$38 million in 2024 on a like-for-like and CER basis.

Singapore

We acquired a controlling stake in Shenton Insurance Pte. Ltd. in 2016. Subsequently, we acquired the entire remaining stake in the company, and it became our wholly-owned subsidiary in June 2019, responsible for operating our insurance business in Singapore. Our life insurance APE in Singapore grew by 38.1% from 2022 to 2023 on a CER basis and by 24.4% from 2023 to 2024 on a like-for-like and CER basis. According to NMG, the industry life insurance APE declined at an annualised basis of approximately 4% on a CER basis from 2021 to 2023.

While our API-enabled D2C platform focuses on mass customers as a primary target segment in Singapore, we are increasingly focused on expanding our reach to penetrate affluent and HNW individuals through the fast-growing IFA channel given Singapore's status as one of the largest offshore wealth management hubs in the world. While group insurance products used to be a dominant product category in our portfolio, they have been replaced by our individual life insurance product offerings since 2021, which include term life, critical illness and medical products. After the launch of term life sales via the IFA channel in 2020, we also commenced the offering of unit-linked products in 2021 and in 2023 launched a participating fund. In 2024, the MAS granted us a licence to set up a Singapore branch of FWD Life (Bermuda), which targets the HNW client segment. The establishment of the Singapore branch, which launched in May 2024, is part of our launch of FWD Private in Hong Kong in 2023.

FWD Singapore currently distributes our products in Singapore through digital commerce, IFA, international broker channels and bancassurance channels. Under our digital commerce channel, we acquire customers on a D2C basis through our website, search engines and affiliate partnerships as well as O2O cross-selling opportunities. For our IFA and international broker channel, we have onboarded over 4,900 IFAs from 35 partners in Singapore as of 31 December 2024, who distribute our products such as our term life insurance plan, the first product launched through the IFA channel, which utilises the straight-through-underwriting system. Our IFAs can also leverage various digital tools, such as our platform that allows remote sales, transactions and customer consultation. In 2024, we have also launched non-exclusive bancassurance partnerships with CIMB Bank Berhad, Singapore Branch and Bank of China Limited, Singapore Branch.

Our customers in Singapore enjoy a seamless and paperless purchase journey through our fully digital platform and technology-enabled IFA channel. We are automating our underwriting process, which is integrated along with other digital tools into our sales support application FWD Smart. Since 2020, all of our new insurance applications and most service requests in Singapore were submitted online.

Vietnam

We commenced our operations in Vietnam in 2016 following our acquisition of Great Eastern Life (Vietnam) Company Limited. We subsequently renamed it as FWD Vietnam, which is our regulated insurance subsidiary operating our insurance business in Vietnam. In April 2020, we further expanded our business in Vietnam with the acquisition of VCLI and launch of our exclusive bancassurance partnership with VCB. During 2023, the insurance market in Vietnam was disrupted by the industry-wide review of bancassurance sales practices and a fall of consumer confidence, which resulted in regulatory intervention and a significant slowdown of new business. However, the scope of such regulatory intervention was narrower than anticipated. NMG expects the Vietnam life insurance market to return to greater than 20% year-on-year growth in APE volumes through 2028, given favourable socio-economic fundamentals and projections, strong underlying need for insurance and regulatory focus on closing the protection gap.

BUSINESS

The APE of our Vietnam business decreased by 46.9% from 2022 to 2023 on a CER basis and decreased by 17.2% from 2023 to 2024 on a like-for-like and CER basis. According to NMG, the industry APE in Vietnam declined at an annualised basis of approximately 23% on a CER basis from 2021 to 2023. We were the seventh largest life insurer in Vietnam in terms of APE and third largest bancassurer in 2023, according to NMG.

FWD Vietnam offers products ranging from universal life, unit linked, endowment, to a suite of riders serving as add-on protection products as well as standalone protection products such as cancer care, critical illness, Medicare, term life and credit life. We design our products under a customer-led approach. We have also been simplifying our contract wording to be reader-friendly and easy-to-understand for customers and offering more products online. We believe that our rider attachments drive an increased protection ratio, serve customer needs and improve our profit margin.

We operate a multi-channel distribution model in Vietnam, including tied agency, bancassurance, IFA, and digital commerce channels. We have built a highly productive agency force and ranked second in the MDRT 2024 rankings for life insurers in Vietnam based on the number of MDRT-registered members. We launched our IFA channel in 2017 and are currently cooperating with ten IFA partners locally.

We formed our exclusive bancassurance partnership with VCB, the leading commercial bank in Vietnam, in 2020 as part of our acquisition of VCLI, which had over 108,000 policyholders as of 31 December 2024. We subsequently disposed of VCLI in March 2022. We also have non-exclusive bancassurance partnerships with leading regional banks, including HD Bank and Agribank.

Our operations in Vietnam are among the most tech-advanced of our business. Our agency force can utilise a variety of digital tools including eRecruit, eLearning, FWD Ezi (our electronic application submission system) and FWD Cube. We are also transforming our bancassurance partnerships including those with NextGen Banca and VCB by utilising data and customer analytics to better serve our customers. For instance, through our digital integration with VCB, digital sales represented 39% of total policies issued and 65% of ePolicies are issued within two hours in 2024. Our digital commerce channel includes our digital distribution via our eCommerce platform. In addition to adopting a cashless and paperless sales model, we have also implemented other initiatives such as eClaims, ePolicy, eCash withdrawal to enhance the customer experience.

Malaysia

We commenced operations in Malaysia with our acquisition of HSBC's 49% stake in HSBC Amanah Takaful in March 2019. In March 2024, we subsequently acquired an additional 21% of the equity interest in FWD Takaful, which brought our equity interest in FWD Takaful to 70%. The VNB of our Malaysia business grew by 12.0% from 2022 to 2023 on a CER basis and by 1,615.3% from 2023 to 2024 on a like-for-like and CER basis. According to

NMG, the industry APE in Malaysia declined at an annualised basis of approximately 1% on a CER basis from 2021 to 2023. We ranked as the sixth largest takaful operator and the tenth largest takaful operator and conventional insurer by APE in Malaysia in 2023, according to NMG.

FWD Takaful's product portfolio covers unit-linked products, traditional products, premium-paying riders, advisory and other individual and group products. In general, we are shifting our focus away from savings to protection products, including term life, critical illness, cancer, hospital cash benefit and medical. We are also extending the coverage of many of our products to the insured's family and children.

FWD Takaful operates a multi-channel distribution model, including (i) a bancatakaful partnership with HSBC Amanah Malaysia Berhad, (ii) an agency channel with over 3,000 agents who have access to FWD Affiliates, (iii) a digital commerce channel for online D2C sales, and (iv) other channels that provide takaful protection for government servants.

In April 2023, we acquired, with local investors, a 70% effective interest in GBSN Life, a life insurance company in Malaysia, which has since rebranded to FWD Life Malaysia. Within six months from our acquisition, FWD Life Malaysia launched three new propositions (FWD WealthLink, WealthLink Pro with Smart Protection and FWD MediFirst), launched a new brand campaign, and transitioned from GBSN Life's legacy systems to 18 new FWD systems, demonstrating our ability to activate the business for growth in a speedy manner. In addition, since our acquisition, consistent with our strategy of recruiting a growth-oriented agency force, we have grown our agency force to more than 1,200 agents as of 31 December 2024, up from 458 agents at the time of the acquisition.

Our acquisition of GBSN Life has enabled our Group to enter into the life insurance market in Malaysia alongside our existing takaful presence, and has allowed us to create a full-service offering in Malaysia to offer both family takaful and life insurance solutions in a rapidly growing market with long-term potential for growth, as well as to benefit from GBSN Life's existing exclusive life insurance distribution partnership with Bank Simpanan Nasional which we extended in October 2023 until January 2029.

We utilise various digital tools to manage and enhance the performance of our distribution channels. We use FWD Cube to monitor sales through our agents. Our digital commerce channel mainly comprises our eCommerce platform, which supports STP through our automated underwriting engine.

INVESTMENTS AND ASSET MANAGEMENT

Overview

We invest the premiums and other income generated from our insurance businesses to generate investment return. Our investment philosophy is to maintain a balanced asset portfolio that generates relatively stable investment returns that match our long-term liabilities. We focus on investment grade fixed income securities. We also invest in riskier assets with higher returns, such as equity securities, real estate and alternative investments, mainly to support our traditional participating and universal life insurance products.

As of 31 December 2024, we had US\$45.3 billion in investment assets (which includes financial investments, investment property, and the assets and liabilities of derivative financial instruments), of which US\$41.9 billion were policyholder and shareholder investments and US\$3.4 billion were unit-linked investments. For 2022, 2023 and 2024, we had investment income of US\$1,225 million, US\$1,418 million and US\$1,457 million, respectively. We separate our financial investments into two categories: policyholder and shareholder investments, and unit-linked investments. In general, the investment risk of unit-linked investments is borne by our customers, who are responsible for allocating their premiums among the investment options that we offer. Policyholder and shareholder investments include all financial investments other than unit-linked investments.

Investment Management and Framework

We manage our investments in accordance with our investment management framework, which seeks to ensure that our investment functions are effective and compliant with relevant laws and regulations. It also requires that our investment functions adhere to our ethical standards and risk management policies.

Our Board has established a risk committee (the “**Risk Committee**”), which has primary responsibility for overseeing the investment of all our assets (other than operating assets) within the risk guidelines set by our Board. To meet our investment objectives, the Risk Committee reviews and approves our investment strategy and asset allocation. See “– *Risk Management*” and “*Directors and Senior Management – Board Committees – Risk Committee*” for further details.

Our investment activities are overseen by the ALMCO, which is a management committee established by the Risk Committee. The ALMCO is required to report all significant risks and issues identified in performing its duties to the Risk Committee, which provides oversight of our risk management framework.

The ALMCO is chaired by our Group Chief Financial Officer. It currently consists of seven other members, namely, our Regional Chief Financial Officer (when such position is filled), Group Chief Actuary, Group Chief Investment Officer, Group Chief Risk Officer, Group Chief Compliance Officer, Group Treasurer and Group Chief Strategic Development

Officer. The ALMCO has delegated authority from the Risk Committee to oversee the management of insurance risk, market risk, credit risk and asset liability management matters. It reviews and approves the formulation and execution of investment strategy, taking into consideration financial markets, investment opportunities, capital implications, liquidity market conditions, and the economic environment.

The Group manages its assets and liabilities according to its asset liability management policy under the enterprise risk management framework which addresses risks arising from market exposures, asset-liability mismatches, liquidity management, currency exposures and fund segregation. Each Business Unit also has specific goals and objectives – whilst these differ depending upon their individual circumstances and environment, there are some overarching principles that are applied.

These principles ensure that any local legislation that may apply to the treatment of assets and liabilities is considered and that asset cash flows are managed in relation to liability cash flows in a manner that is within the agreed limits and risk appetite of the Group. Additionally, only asset classes permitted by the Group can be invested in and any financial derivative instruments must never be used for speculative purposes.

Asset-liability mismatch risk is the risk of adverse movements in the relative value of assets and liabilities. Assets and liabilities are considered to be well matched if their changes in value in response to market movements are highly correlated and within predefined risk metric limits. In assessing its asset-liability mismatch, each Business Unit determines the appropriate metrics and respective risk thresholds and have approvals for these from the ALMCO. These typically include mismatches between the asset and liability cashflows, duration, dollar duration, liquidity and currency.

The duration of interest-bearing financial assets is regularly reviewed and monitored against the duration of insurance contract liabilities at segment-level. In order to reduce exposure to changes in interest rates, the Group seeks to match, to the extent possible and appropriate, the duration of assets and related liabilities. However, the availability of assets of suitable duration may be restricted by applicable insurance laws, rules and regulations or other market factors.

In addition, the Group continuously monitors its investments through various methods, including management reports, review of risk indicators, action tracking, key control testing, supervision, quality assurance, back-testing, scorecard review, policy review and self-assessment. Our local investment committees and the ALMCO review, at least on a quarterly basis, investment reports by asset class, sector allocation and allocation across ratings. Furthermore, our equity investments are mainly managed by dedicated managers, who provide us regular access to portfolio performance and details.

Specific governance processes and procedures are in place for ALMCO to ensure any breaches or errors are identified quickly and to govern the process for escalating any of these breaches to the appropriate parties.

Investment Strategy

Our insurance products are of a long-term nature and may embed guaranteed and non-guaranteed returns. The main objectives of our investment strategy are to meet our financial obligations to policyholders, the reasonable expectations of policyholders, and regulatory capital requirements. In this regard, our Group's investment strategy takes into account the different product characteristics and capital requirements within each Business Unit.

Our policies require each Business Unit to formulate its strategic asset allocation ("SAA") that is able to meet our main investment objectives and to manage investments within the approved risk appetite. Our insurance portfolios include the following major asset classes:

- fixed income assets, which can provide predictable cash flow from coupons and maturity payments to meet our contractual liability payments;
- major debt fixed income classes such as government and government agency bonds and corporate bonds; and
- structured securities, which can provide diversification and return.

Our focus is on credit quality. Our fixed income investments are predominantly investment grade credits comprising AAA to BBB- ratings. Within these major fixed income asset classes, we also seek diversification across geographies, industry sectors and issuers. Currency exposure on account of bonds denominated in currencies other than the underlying insurance liabilities will be hedged.

Individual insurance portfolios are composed of these fixed income asset classes with varying degrees of exposure depending on the characteristics of insurance liabilities. For example, long duration liability portfolios tend to be invested to a larger degree in government bond securities as these are issued with long maturities up to 50 years. Portfolios with higher return targets would focus more on corporate bonds that provide higher income due to credit spreads over government securities.

To a smaller degree, insurance portfolios may hold riskier assets such as public and private equity, other alternative assets, and property. Such holdings provide diversification and higher expected long-term returns.

The Group aims to hold and manage capital to meet all policyholder obligations, regulatory capital requirements and economic capital requirements sufficient to meet our credit rating needs and in accordance with the Group Risk Appetite Framework as approved by the Group Board. We have also established a set of risk policies that support the implementation of our Enterprise Risk Management Framework and Risk Appetite Framework to govern risk-taking across various risk factors pertaining to investment assets.

Our SAA Policy and Asset Universe documents stipulate the limit for each asset class and the permitted underlying instrument for each asset class. There are relevant policies that involve multiple layers of limit systems where risks are monitored against the approved risk limits, and prescribe escalation procedures to address excessive risks which are reported to and addressed by the ALMCO or Board committees. During the Track Record Period, the Group did not record any material and reportable deviation from the risk limits defined in the Risk Appetite Framework for the investment portfolio.

Outsourced Investment Managers

We outsource a portion of our investment portfolio to external investment managers. As of 31 December 2024, we managed 31.8% of our Assets Under Management (“AUM”) for policyholder and shareholder investments. PineBridge managed 20.6% of our AUM as of 31 December 2024, primarily consisting of investment grade bonds and alternative investments primarily for our Hong Kong, Japan and Singapore Business Unit portfolios. For more information regarding our investment management agreement with PineBridge, see “*Connected Transactions*.” SCB Asset Management Company Limited managed 33.9% of our AUM as of 31 December 2024, which primarily included investments in equities and investment grade and high yield bonds for our Thailand business. The remaining balance of our AUM was managed by other external third parties.

On 13 December 2021, we entered into an Amended and Restated Investment Management Framework Agreement with Apollo Management Holdings, L.P. and Athene and an Amended and Restated Master Investment Management Implementation Agreement with certain affiliates of Apollo, which together set out the framework for a strategic collaboration between certain affiliates of Apollo, Athene and our Company in asset management, product distribution and reinsurance. Apollo is one of the largest asset managers globally, with an AUM of US\$785 billion as of 31 March 2025. The partnership allows the Group to tap into Apollo's expertise in managing insurance balance sheets and deploying capital globally, having built up significant capabilities to support affiliated and third-party clients. Our Directors believe that the Group will also be able to benefit from Apollo's scalable origination platform with a track record in achieving yield uplift for its clients. Save for the Pre-IPO Investment by Athene and our arms-length arrangement with Athene Annuity Re for the Athene Reinsurance transaction, Apollo is an independent third party of our Company.

Pursuant to the Amended and Restated Master Investment Management Implementation Agreement, one or more Apollo affiliates will manage part of our Company's investment portfolio, across multi-credit and alternative asset classes. Since the entry into these agreements, we have made purchases of investment grade assets from public markets with blended yields above comparable indices, and we expect the allocation to increase over time with an aim to achieve further yield uplift.

The initial term with respect to the multi-credit asset classes will be five years from the date of each deposit of assets in connection with the investment management mandate, with automatic annual renewals thereafter up to year 10, subject to performance, fees and compliance with law and regulations. The Amended and Restated Master Investment Management Implementation Agreement and the Amended and Restated Investment Management Framework Agreement may be terminated by our Company at any time if Athene and/or its affiliate assignees, which now include Apollo Principal Holdings following the transfer from Athene to it of the Shares Athene held in our Company as described under “*History, Reorganisation and Corporate Structure – Background Information about our Pre-IPO Investors*”), cease to hold at least 75% of the Tranche A Purchased Shares purchased by Athene in the Pre-IPO Investment.

The effectiveness of the Amended and Restated Master Investment Management Implementation Agreement was subject to certain conditions, including applicable regulatory approvals required from the HKIA under its material outsourcing regime, and the OIC in Thailand, which were obtained in September 2023 and January 2024, respectively. Furthermore, pursuant to these agreements, if our Company fails to make the requisite initial deposits on time and such failure is not remedied within a specific period of time, our Company is required to waive the lock-up restrictions applicable to Athene’s Pre-IPO Investment. For details regarding the lock-up restrictions, please refer to “*History, Reorganisation and Corporate Structure – Major Shareholding Changes of our Company – Pre-IPO Investments*.” As of 31 December 2024, our Company has allocated over US\$4.2 billion of its assets to Apollo affiliates under advisory, and partnership or fund management agreements.

Investment Portfolio

See “*Financial Information – Discussion of Major Items in the Consolidated Statements of Financial Position – Consolidated Statements of Financial Position as of 31 December 2024, 2023 and 2022 – Investment Portfolio*” for details of our investment portfolio.

RISK MANAGEMENT

The core of our business is accepting, pooling and managing risk for the benefit of our policyholders. We have established a comprehensive risk management framework, including a risk management committee structure and robust risk management frameworks, policies and strategies. Our risk management framework is designed to ensure that the risks we have undertaken are backed by appropriate levels of capital to support the ongoing businesses and protect policyholders. We aim to balance efficient capital structures in each of our operating insurance subsidiaries within acceptable levels of risk without compromising either financial strength or our requirement for appropriate returns.

Our risk management cycle starts with identifying the risks, agreeing on and implementing mitigation actions until the risks are resolved and managed within our risk appetite. We have established risk and compliance KPIs and conduct risk culture activities regularly to promote our staff's awareness of risk issues.

Risk Management Committees

We manage our risk profile through our Risk Committee, which functions independently and is supported by the ALMCO and the Compliance and Operational Risk Committee as well as additional working committees.

Risk Management Framework

Our risk management framework applies to all our Business Units, which helps to ensure that we adopt a holistic approach towards risk management and that our risk management policies and strategies can be consistently implemented across our Group. Our risk management framework assigns clear accountability, roles and responsibilities for the management of risk in line with our risk appetite. We regularly review, and stress test our risk management framework to ascertain if any update is needed.

Our risk management framework is based on a “*three lines of defence*” model, which ensures that risks are managed according to the risk appetite established by our Board. The first line of defence is our managers and employees who manage risks on a daily basis in accordance with the strategies and policies set by our Board. The second line of defence is our risk management and compliance functions, who (i) assist the relevant risk committees to formulate the risk management strategies and policies; (ii) coordinate and oversee the execution of our risk management strategies and policies; and (iii) provide an independent assessment of our risk exposure. The third line of defence is our audit function, governed by our Audit Committee. Our internal audit function independently assesses the design and effectiveness of our overall risk management system.

Our risk appetite reflects the amount of total risk exposure that we are willing to accept or retain on the basis of risk-reward trade-offs in qualitative and quantitative terms. Our risk philosophy and approach to risk management stem from our vision, and are reflective of our strategy, risk capacity, code of ethics and business conduct, and our stakeholders' expectations. Our Board establishes our risk appetite through the promulgation of qualitative risk appetite statements. These statements communicate the principles that guide our selection and preference of different types of risks and establish a clear link between our overall business strategy and our risk tolerances. The qualitative risk appetite statements are supported by actionable statements and further broken down into more granular specific risk tolerances for our key risk categories. These risk tolerances are monitored using quantitative metrics set by senior management in collaboration with the Risk Committee and are reported to our Board on a quarterly basis.

Risk Appetite Statements

Our current risk appetite statements are as follows:

- **Strategic Risk:** we accept strategic risk as part of our business planning process and pursuit of our vision and strategic objectives. We have no appetite for business activities or decisions that knowingly lead, or are likely to lead, to negative impacts on our brand value or customer outcomes. We accept the long term risks posed by climate change (for example, physical and transition risk) where it is identified, assessed and incorporated into the business planning process.
- **Market Risk:** we accept market risk exposure where we have ample understanding and are able to manage our position as a long term investor to generate adequate and sustainable risk adjusted returns for the benefit of our policyholders and Shareholders. We have low appetite for concentration risk from market risk. We have no appetite for complex market risks for which the Group has no knowledge.
- **Credit Risk:** we have low appetite for credit risk arising from a default by an insurance, reinsurance or investment counterparty (except credit investments) to fulfil its obligations to the Group. We have low appetite for concentration risk.
- **Insurance Risk:** we accept insurance risk exposure that the Group has the experience to understand, ability to measure and reasonable expectation to price and derive value for Shareholders and customers.
- **Liquidity Risk:** we have a low appetite for liquidity risk arising from group operating expenses, debt servicing, external dividends, and capital support to Business Units. Within each Business Unit, the liquidity need arises from insurance business activities and planned remittance to the Group.
- **Operational, Compliance & Reputational Risk:** we accept that operational risk (including technology and cybersecurity risks) is an inherent part of business operations and have varying appetite and tolerance levels for different types of operational risk, nevertheless we will proactively take steps to mitigate the risks and minimise the impact. We have no appetite for behaviours and decisions that knowingly lead, or are likely to lead, to unfair customer outcomes, regulatory intervention, breach of code of conduct or reputational damage. We have low appetite for adverse business resilience and no appetite for control deficiencies that result in material losses (direct or indirect).

Key Risk Categories

We have identified the following key risks as part of our risk appetite framework. For each key risk, we establish a number of risk monitoring metrics, each with a predetermined tolerance level and clearly defined risk ranges, to facilitate detailed monitoring of our risk profile.

Strategic Risks

Strategic risks are risks related to the competitiveness and sustainability of our Group, such as our reputation risk, long-term direction and contagion risk. Reputational risks are risks of loss of franchise value due to damage to our brand or reputation with customers, distributors, investors and regulators. Our consideration of reputational risk is a key element in our strategic risk management.

Insurance Risks

Insurance risk includes the risks inherent in insurance products, including (i) product design risk, which refers to the potential defects in the development of particular insurance products, (ii) underwriting and expense overrun risk, which refers to the possibility of product-related income being inadequate to support future obligations arising from insurance products, (iii) lapse risk, which refers to the possibility of actual lapse experience diverging from the anticipated experience assumed in product pricing, and (iv) claims risk, which refers to the possibility that the frequency or severity of claims arising from insurance products exceeding the levels assumed when the products were priced.

We utilise several benchmarks to assess the pricing adequacy of a new product and the ongoing appropriateness of an existing product.

The lapse risk includes the potential financial loss incurred due to early termination of policies or contracts in circumstances where the acquisition costs incurred are no longer recoverable from future revenue. To reduce our exposure to lapse risk, we carry out regular reviews of persistency experience, and the results are reflected in new product pricing and in-force product management. In addition, many of our products include surrender charges that entitle us to additional fees upon early termination by policyholders. There are many drivers of lapse, including sales quality, customer experience and economic factors. These drivers are monitored through mystery shopping, welcome calls and customer engagement for example, with the results factored into operational improvements.

We seek to mitigate claims risk by conducting regular reviews of mortality and morbidity experience and reflecting this experience in new product pricing. We also manage claims risk by adhering to our underwriting and claims management policies and procedures. Finally, we use reinsurance solutions to help reduce concentration and volatility risk, especially with large policies or new risks, and as a protection against catastrophes.

Operational Risks

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, personnel and systems or from external events. Our businesses depend on the accurate and efficient processing and reporting of a high volume of complex transactions across numerous and diverse products and services. Any weakness in these internal processes, systems or security could have an adverse effect on our results and on our ability to deliver appropriate service to customers during the affected period. Key operational risks include risks relating to information technology, cyber and information security, business continuity and fraud. Compliance risks, which are the risks of noncompliance with regulatory requirements, are also part of the operational risk categorisation. Key compliance risks include risks relating to regulatory compliance, conduct risk (including mis-selling), anti-money laundering and counter terrorist financing, sanctions, anti-bribery and corruption and privacy. We accept that operational risk is an inherent part of our business operations and have varying appetite and tolerance levels for different types of operational risk. We have put in place robust processes and procedures to control operational risks by identifying, assessing, monitoring and developing strategies to mitigate these risks.

We have established a strong data governance framework to ensure data privacy protection and information security. Under this framework, we developed our AI and machine learning models in-house and adopted a well-established process to test and monitor these models and validate their results on a continuous basis. In 2022, we updated AI and Data Governance policy first published in 2019 that provides greater clarity on roles and responsibilities in the context of AI and data governance and has been adopted across FWD. Additionally, our Responsible AI Standard, published in 2023, aims to ensure that FWD develops AI and machine learning solutions that are trustworthy, reliable, fair and secure. In accordance with this standard, all our AI and machine learning models' initiatives are aligned with the standardised AI life cycle from business objective and planning, feasibility assessment and signoff, project setup, model development, project governance review, model deployment and monitoring to feedback and reporting. For details, see “– *Data Privacy and Cybersecurity*.”

Financial Risks

We are exposed to a range of financial risks, including interest rate risk, liquidity risk, credit risk, equity price risk, credit spread risk and exchange rate risk. We also monitor on a quarterly basis the sensitivities across EV, IFRS, statutory solvency and economic capital to interest rate risk, credit spread risk, equity risk and FX risk. For details, see “*Financial Information – Factors and Trends Affecting our Results of Operations – Fluctuations in market interest rates and equity markets*” and “*Financial Information – Factors and Trends Affecting our Results of Operations – Regulatory environment*.”

Transactions within the Group

Intra-group transactions are overseen by the relevant Group Office functions to ensure adherence with the relevant Group policies. The Group oversees the processes to identify and assess material systematic intra-group transaction risks, and ensure risks assumed are within the Group's Risk Management Framework. During the Track Record Period, material intra-group transactions are related to reinsurance, intra-group dividends, loans, recharges, funding and bonds.

RESERVES

For all of our product lines, we establish, and carry as liabilities, actuarially determined amounts to meet our future obligations under our insurance policies. In accordance with IFRS, our reserves for financial reporting purposes are based on commonly applied actuarial methodologies for estimating future policy benefits and claims. We expect these reserve amounts, along with future payments on policies and contracts, and investment earnings on these amounts, to be sufficient to meet our insurance policy and contract obligations. The amount of our consolidated insurance contract liabilities as of 31 December 2024 was US\$41,646 million.

We establish the liabilities for future policy benefits and claims based on assumptions that are uncertain when made. Our assumptions include mortality, morbidity, policyholder persistency, administrative expenses, investment returns and inflation. Our actual experience may be different from our assumptions, and as a result, we cannot determine precisely the amounts that we will ultimately pay to settle these liabilities or the timing of these payments. These amounts may vary from the estimated amounts, particularly when these payments do not occur until well into the future. We evaluate our liabilities periodically, based on changes in the assumptions used to establish the liabilities, as well as our actual policy benefits and claims experience.

We have governance and controls in place to assess the appropriateness of the data, assumptions, methodology and models being used in determining our reserves and the reasonableness of the results, including conducting independent reviews and external audits to provide further assurance.

REINSURANCE

We reinsure a portion of the risks that we assume under our insurance products to multiple international and local reinsurers to manage our risk, maintain our capital position within our risk appetite limits and leverage the reinsurers' knowledge for our product development. To reduce our reinsurance concentration risk, we use various leading international and local reinsurers. We select our reinsurers based on their financial strength, service, terms of coverage, claims settlement efficiency and price. We usually consider at least three reputable reinsurers during the selection process and take into account local

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regulatory requirements. We review our reinsurance arrangements periodically and regularly monitor the financial strength and credit rating of our reinsurers and our concentration risks to ensure we do not have excess risk exposure to any particular reinsurer.

We have established a reinsurance management framework that sets out the principles and requirements of our reinsurance management. We tailor our reinsurance strategy to our products and the geographical markets in which we operate. We determine our retention limit and participation ratio based on the insurance laws and regulations of the relevant geographical market, our solvency margin, the characteristics of our products as well as our business needs and strategies. Examples of such external reinsurance arrangements which have been adopted by us include individual surplus reinsurance, quota share reinsurance, catastrophe covers, financial reinsurance and coinsurance. We also receive commissions from reinsurers generally to bear our operating expenses such as new policy acquisition costs and personnel costs.

As part of our overall reinsurance strategy, we have entered into various arm's length arrangements with Swiss Re, the intermediate parent company of one of our Shareholders, Swiss Re PICA, to reinsure certain products. Under these arrangements, Swiss Re has undertaken to reinsure a portion of the risks undertaken by us. As consideration for undertaking a portion of the risk, we pay reinsurance risk premiums to Swiss Re on a periodic basis under the terms of these arrangements.

We have similarly entered into an arms-length arrangement with Athene Annuity Re for the Athene Reinsurance transaction. In conjunction with the Athene Reinsurance transaction, Athene Annuity Re independently entered into an agreement to retrocede the mortality risk associated with the block to Swiss Re.

In addition to using external reinsurers, we have also established FWD Reinsurance, a Cayman incorporated captive reinsurance company, for capital optimisation and margin enhancement. Our reinsurance with FWD Reinsurance is arranged through a rated third-party reinsurer to support arm's length pricing.

INSURANCE

We maintain insurance for our directors and employees and insure against defined incidental loss or damage to our owned self-use properties in accordance with applicable laws. Our Directors are of the view that we have maintained insurance coverage to suit such defined purposes.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Our ESG Governance

As part of our overall business strategy, we aim to closely align our ESG efforts with our business goals and ensure that we allocate sufficient resources to our ESG functions. Our Group Executive Committee (“**GEC**”) is responsible for our ESG function and is supported by three designated working groups representing each of the pillars of our ESG strategy. The GEC is chaired by Mr. Huynh, our CEO and executive director, and comprises senior managers from across the business. The Board has delegated to the GEC to oversee and review our ESG goals and strategy. The GEC is responsible for establishing our ESG goals and strategy, evaluating our performance, and responding to emerging ESG risks and opportunities. The GEC reports our various ESG initiatives and progress to our Board via the nomination and corporate governance committee (“**Nomination Committee**”) quarterly. The Nomination Committee provides a leadership role in monitoring the implementation of the Group ESG goals and strategy and has oversight of its progress through GEC updates. The Nomination Committee meets on a quarterly basis.

Our ESG Strategy

Our Group-wide ESG goals and strategy prioritise the ESG issues that are most important to our business and those impacted by our decisions. It is designed to help us strengthen our social licence to operate while delivering value to our stakeholders.

Our strategic ESG

Priorities focus on six United Nations Sustainable Development Goals (“**SDGs**”) which are most applicable and relevant to our business and where we can make the greatest contribution: SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 10 (Reduced Inequalities) and SDG 13 (Climate Action).

As part of our broader commitment to ESG initiatives, we measure and voluntarily disclose annually our ESG performance with reference to Global Reporting Initiative Universal Standards, the Sustainability Accounting Standards Board Standard for the Insurance sector, the recommendations of the Task Force on Climate-related Financial Disclosures, and in compliance with Part A to C of Appendix C2 Environmental, Social and Governance Reporting Code under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Following the publication of the International Sustainability Standards Board (ISSB) Standards – IFRS S1 and IFRS S2, IFRS Foundation has taken over the monitoring of the progress on companies' climate-related disclosures from the Task Force on Climate-related Financial Disclosures from 2024. We will closely monitor the adoption of the ISSB standards in the markets we operate to align our future climate-related disclosures.

We are working towards putting our group ESG strategy into action by striving to create a meaningful and lasting impact through the following three strategic pillars: (1) accessible protection, (2) sustainable investment, and (3) effective governance and sustainable business as described below:

Accessible Protection

We are committed to closing the social gap by providing accessible and inclusive protection to our diverse customer base across Asia. Our approach focuses on offering life and health insurance products that are not only affordable but also tailored to meet the needs of our customers, including the underserved communities. By leveraging digital platforms, we enhance the customer journey, making it easier for individuals to access the protection they need. We also actively engage with our communities to raise financial and health literacy, ensuring that everyone has the knowledge and resources to make informed decisions about their insurance needs. In 2024, we have supported over 95,000 individuals through financial education and literacy programmes.

Sustainable Investment

We continue to embed sustainable investment practices across portfolio to promote long-term value creation and promote long term value creation for our stakeholders. Our investment philosophy focuses on maintaining a balanced portfolio that generates stable returns while considering ESG factors in our investment process. We are signatory to the United Nations Principles of Responsible Investment (“UNPRI”), with 86% of portfolio screened for ESG risk in 2024. By prioritising investments in sectors and companies that support ESG practices, we aim to contribute to the transition to a lower carbon economy. Our commitment to sustainable investment is reflected in our ongoing efforts to enhance ESG integration, engage with high-emitting issuers and reduce exposure to sectors with significant environmental risks.

Effective Governance and Sustainable Business

We are committed to maintaining robust corporate governance and promote sustainable business practices across our operations. Our corporate governance framework ensures that we have the structures, operating models, and mechanisms in place to manage and control our business effectively, with a focus on long-term shareholder value and the interests of key stakeholders, including customers, regulators, and business partners. By fostering a culture of equity, inclusion, and well-being, we aim to attract, develop, and retain talent that will help drive the insurance industry forward. As of the Latest Practicable Date, women made up 31% of our board and, as of 31 December 2024, 32% of our assistant vice presidents or above. In 2024, we maintained our voluntary turnover at 12%. Our commitment to sustainability is also reflected in our efforts to manage our own operational emissions and the carbon risk of our investment portfolio. Through responsible business practices and strong governance, we strive to create positive impacts for the millions of lives we touch.

Our ESG Risk Management

Our team regularly identifies the laws, regulations, rules and industry standards applicable to us in relation to various ESG-related risks, such as employee well-being, consumer rights, anti-corruption, community support and others, to ensure that we comply with the relevant legal requirements and stay in line with or above the industry standard. We also set short-term and long-term targets for our ESG-related initiatives, gather and submit data in connection with the implementation of these initiatives, and regularly review the progress.

In addition, our management holds internal discussions and consults external advisers from time to time to identify potential material ESG risks which may affect our business and stakeholders based on actual developments in our business and the evolving characteristics of the insurance industry. We continually monitor our ESG targets and metrics with reference to applicable industry standards and other leading industry players.

DATA PRIVACY AND CYBERSECURITY

Since our business relies on generating, analysing and handling transactions with customer data, data privacy and cybersecurity are important part of protecting our customers and building trust. We are committed to protecting data privacy and ensuring that the collection, use, disclosure and other processing of personal data is in accordance with applicable laws, regulations and guidelines on data privacy.

Data Collection and Storage

We may collect and store personal data of our current, past or potential customers, including identity-related information (such as name, email address, telephone number, and health information), professional information (such as profession, occupation, and company name), technical information (such as IP address, browser information, operating systems and platform), and some personal information of third parties (such as dependents, beneficiaries, and authorized representatives). By providing the personal information of these third parties, our customers confirm that they have properly obtained the consent of such third parties.

Data Security

We have implemented reasonable security measures to protect personal data against any unauthorised access, processing, erasure, loss or destruction. Measures have been taken to ensure the integrity, prudence and competence of persons having access to personal data and that it is processed by secure means. We also have in place disaster recovery and business continuity plans and maintain disaster recovery facilities designed to be activated in place of our primary facilities in the event of failure.

Data Sharing

Where permitted by law or where such disclosure is necessary to fulfil the required purpose, we may share personal data with affiliates or members of the Group, agents, consultants, contractors or third-party service providers authorised by us, relevant government bodies or authorities, or law enforcement agencies to comply with laws, rules and regulations or schemes imposed by applicable governmental authorities.

Direct Marketing

Where permitted by law, we may use customers' names, contact details, services and products portfolio information, financial background and demographic data for promotional or marketing purposes and conduct direct marketing to market products and services which may be relevant to our customers. Customers can opt out of direct marketing activities by writing to our Group Data Protection Officer by post or by email, if they do not wish us to use their personal data for direct marketing purposes.

Data Retention and Destruction

We will not retain personal data for longer than is necessary to fulfill the purposes for which it is obtained or to comply with applicable laws and regulations, and take reasonable steps to delete or destroy personal data.

During the Track Record Period and up to the Latest Practicable Date, we had certain incidents of inadvertent data leakage and security breaches, involving either employees or customer information, which have not had a material and adverse impact on our business, financial condition or results of operations. We took remedial actions promptly and notified the relevant regulatory authorities, and we were not subject to any fines or penalties by the relevant regulatory authorities relating to non-compliance with personal data and privacy protection laws and regulations during the Track Record Period and up to the Latest Practicable Date.

COMPETITION

In general, the insurance industry is highly competitive. Insurers compete based on a number of factors, including distribution reach, brand recognition, marketing methods, products, pricing, customer service, financial strength ratings and other indices of financial health. We believe that we are well positioned to compete with both established players as well as new entrants and to continue increasing our market share by leveraging our customer-led and tech-enabled strategy and our ability to quickly adapt to changes in market trends and the regulatory environment.

Leading market participants in the insurance industry are primarily either regional or multi-national insurance companies, local entities or subsidiaries of banks and other financial institutions. Subsidiaries of European and North American life insurance groups that operate in Asia tend to operate in many of the major markets in the region, and some currently have top ten market shares in a few major markets. Many local domestic life insurers in Asia remain primarily focused on their home market. We face strong competition in the markets in which we operate. In Hong Kong, we face competition from established regional players including local subsidiaries of large insurance groups and new entrants such as digital insurers. In Thailand, we face competition from local branches of international insurance groups and local insurance companies. In Japan, we face competition from domestic insurance companies and large domestic financial service providers that either have their own insurance subsidiaries or enter into co-operative arrangements with major insurance companies. In our Emerging Markets, we face competition from regional players, especially those with a strong locally established presence and customer reach. For more information, see “*Industry Overview*.”

AWARDS AND RECOGNITIONS

We have received numerous awards and recognitions which reflect our renowned industry achievements. The tables below set forth some major awards and recognitions we have received:

Selected business awards

<u>Year</u>	<u>Award/Recognition</u>	<u>Issuing Body</u>
2024	Underwriting Initiative of the Year	Insurance Asia News
2024	Best Customer Insights Initiative – Insurance	The Digital Banker
2024	Public/Professional Body and NGO – Silver Award	The Investor and Financial Education Council
2024	The Social Enterprise Supporter Award	Fullness Social Enterprises Society
2024	FWD MAX – Best Mobile Campaign – Gold	Digiz Awards
2023	SBR Technology Excellence Awards for the Digital – Life Insurance	Singapore Business Review
2022	Best Digital CX in Insurance – Social Channels	Digital CX Awards

Selected insurtech and innovation awards

<u>Year</u>	<u>Award/Recognition</u>	<u>Issuing Body</u>
2024	Global Insurance Innovation Awards	The Digital Banker
2024	Best AI and Cloud Initiatives	Infopro Digital
2024	Digital Insurer Award	Insurtech Connect Asia
2024	FWD MAX – Best Digital Integration – Gold	Marketing Event Awards
2023	Digital Transformation Initiative of the Year	Insurance Asia Awards
2023	Intelligence Cloud Modernisation	Informatica
2023	Best Use of AI for Customer Experience – Insurance	The Digital Banker
2023	The Most Innovative Insurer	International Data Corporation
2022	Special Award for Data, Analytics and AI	International Data Corporation

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Selected Brand & Marketing awards

Year	Award/Recognition	Issuing Body
2024	2024 Model Insurer Award for Customer Experience Transformation	Celent
2024	FWD MAX – Customer Engagement – Excellence	Bloomberg Business Week Financial Institution
2023	Excellence in Digital Transformation Award – Grand Award	Hong Kong Insurance Awards 2023
2023	Integrated Marketing (Product Promotion) – Excellence	Bloomberg Business Week Financial Institution Awards 2023
2023	Best Customer Journey – Gold	DigiZ Awards
2023	Best Use of Social Media – Gold	Marketing Events Awards 2023
2023	Best Loyalty Campaign – Gold	Loyalty & Engagement Awards 2023
2023	Best Brand Marketing Campaign Award	EDigest Brand Award 2023

INTELLECTUAL PROPERTY

The protection of our technology and intellectual property is an important aspect of our business. As of the Latest Practicable Date, we owned 30 registered trademarks, including eleven trademarks and eleven domain names which are material to our business and four patents. Intellectual property laws, procedures and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated.

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REGULATORY LICENCES

We need to maintain valid relevant insurance licences in each market to operate our businesses. We are subject to extensive oversight and comprehensive regulations by the relevant regulators in each market we operate in. In addition, we also need to obtain prior authorisation from respective regulators for the sale of new insurance products or key changes in the terms of our products. Please see “*Risk Factors – Risks Relating to our Business – We and our Business Units are subject to extensive regulation as insurance companies, including monitoring and inspection of our financial soundness, which may restrict our business activities and investments and increase our cost of complying with such regulations.*”

During the Track Record Period and up to the Latest Practicable Date, we have obtained all material licences, approvals and permits from the relevant government authorities necessary for the operation of our business in the jurisdictions in which we operate, and such licences, approvals and permits remain valid and in force. We have not experienced any refusal of the renewal application of any material licences, approvals and permits necessary for the operation of our business. Details of our material licences and permits are as follows:

<u>Licence/Permit</u>	<u>Holder/Jurisdiction</u>	<u>Grant Date/ Expiration Date</u>	<u>Description of Licence/Permit</u>
Life insurance	FWD Life (Bermuda)/ Hong Kong	1984/N/A	Long term insurance business
Life insurance	FWD Life (Bermuda)/ Hong Kong	28 December 2011/N/A	Long term insurance business
Life insurance	FWD Life (Hong Kong)/ Hong Kong	27 May 2002/ N/A	Long term insurance business
Life insurance	FWD Life Assurance (Hong Kong)/ Hong Kong	23 September 1983/N/A	Long term insurance business
Life insurance	FWD Life Insurance Company Macau Ltd/Macau	27 July 1999/N/A	Life insurance
Life insurance	FWD Fuji Life Insurance Company, Limited/Japan	27 August 1996/ N/A	Life insurance
Life insurance	FWD Life Insurance Public Company Ltd/Thailand	1 December 2023 (first issued 12 December 1997)/N/A	Life insurance

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<u>Licence/Permit</u>	<u>Holder/Jurisdiction</u>	<u>Grant Date/ Expiration Date</u>	<u>Description of Licence/Permit</u>
Life insurance business permit	FWD Indonesia/ Indonesia	24 June 2020/ N/A	Life insurance
Family takaful	FWD Takaful/ Malaysia	3 July 2018/N/A	Family takaful business
Life insurance	FWD Vietnam/ Vietnam	23 November 2007/ 23 November 2057	Life insurance business (including accident and health insurance business)
Life insurance	FWD Assurance (Vietnam) ⁽¹⁾ /Vietnam	23 October 2008/23 October 2033	Life insurance business (including accident and health insurance business)
Direct insurer (composite)	FWD Singapore/ Singapore	19 April 2016/N/A	Direct insurer to carry on life and general business
Certificate of authority	FWD Philippines/ Philippines	1 January 2025/ 31 December 2027	Life insurance business
Class B (iii) licence	FWD Reinsurance/ Cayman Islands	6 April 2017/N/A	Insurance business
Life insurance	FWD Cambodia/ Cambodia	14 June 2024/ N/A	Life insurance business
Life insurance	FWD Life Malaysia/ Malaysia	27 June 1997/N/A	Life insurance business

Note:

- (1) In March 2022 we disposed of our entire interest in FWD Assurance (Vietnam) to Tan Viet Securities Joint Stock Company and a group of investors.

EMPLOYEES

As of 31 December 2022, 2023 and 2024, we had 7,006, 7,469 and 6,927 full-time employees, respectively, and five, eight and two temporary employees, respectively. The following table sets out a breakdown of our full-time employees by Business Unit as of 31 December 2024:

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Full-time Employees

	Full-time Employees
Hong Kong (and Macau) ⁽¹⁾	1,007
Thailand (and Cambodia)	1,777
Japan	935
Emerging Markets	2,236
Group Office ⁽²⁾	409
Shared services and Innovation Hub ⁽³⁾	563
Total	6,927

Notes:

- (1) Includes non-shared services full-time employees from FWD Life (Bermuda), FWD Life (Hong Kong), FWD Life Assurance (Hong Kong), Macau and China representative office.
- (2) Includes non-shared services full-time employees from FWD Group Financial Services, FWD Group Management and Valdimir.
- (3) Includes shared services full-time employees from FWD China Technology Company, FWD Life (Bermuda) and Valdimir, and all employees from FWD Technology and Innovation Malaysia Sdn. Bhd, an innovation hub in Malaysia.

The following table sets out a breakdown of our full-time employees by function as of 31 December 2024:

	Full-time Employees
Sales, Branding and Marketing	2,426
Technology, Digital and Data Analytics	1,477
Group Operations	1,237
Finance, Actuarial and Investments	883
Corporate Governance ⁽¹⁾	313
Proposition & Protection	228
Strategy	46
Human Resources	282
Group Executive Management	15
Others	20
Total	6,927

Note:

- (1) Includes legal, compliance, risk and audit functions.

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Other than our employees in Japan, none of our other employees are subject to any collective bargaining agreements or represented by a union. We believe that we have good employment relationships with our employees and have not experienced any interruptions of operations due to labour disagreements as of the Latest Practicable Date.

Executive Remuneration Policy

The remuneration of our senior employees is designed to provide equitable and competitive incentives to align with Shareholders' interests and foster the long-term sustainable growth of the business within the overall risk management framework. The remuneration mainly comprises base salary and variable remuneration including short-term and long-term incentives. The table below summarises the remuneration elements for the Track Record Period.

Element	Purpose	Coverage and frequency
Annual Base Salary	Recognises the daily contribution of our people and the skills, experience and knowledge they bring to our Group	All employees and paid monthly
Short-term incentives	Recognises the annual performance of our people and allows us to collectively share and celebrate in our Group's short-term successes	All eligible permanent employees. Annual measurement and payment.
Long-term incentives	Share-based awards (in the form of RSUs and/or PSUs) granted to senior employees of our Group aligns them with the long-term goals of our Group and our Shareholders	Eligible senior employees by invitation. Measured and paid over no less than a three-year period, depending on grade.
Allowances	Recognises specific skills or circumstances	Individual or role-based entitlement and paid monthly

Variable remuneration opportunities are designed to motivate employees to deliver on key short-term and long-term objectives. The variable remuneration is linked to achievement of certain key performance indicators, with the respective weightings reflecting our business strategies with a focus on sustainable and value-focused growth. In particular, substantial weighting is afforded to VNB. Depending on business and individual performance results, such incentives may result in award levels above or below target, reflecting superior performance and performance below expectations, respectively.

Short-term Incentive Policy

Our short-term incentive policy recognises the contribution of all permanent employees to our Group’s short-term successes and incentivises the achievement of specific annual performance objectives that are aligned to our strategy. It also provides a means to reward the individual and collective performance of our employees.

For the Track Record Period, the performance measures used in the short-term incentive policy were as follows:

Performance Measures	Weighting	Description
VNB	25-40%	VNB is a main valuation driver for our Group at this stage of our development and therefore is an important metric in terms of weighting
Operating Profit Before Tax (“OPBT”) and/or Operating Profit After Tax (“OPAT”)	10-25%	OPBT and OPAT growth is key to demonstrate progress and the path towards profitability over the medium term
New Business Strain (“NBS”) as % of VNB	0-10%	NBS measures the capital consumption of our new business and is a key driver of cash flow over the medium term
Excess Embedded Value Growth (“EEVG”)	10-25%	EEVG measures operating performance (expenses, persistency and claim) against our actuarial assumptions and is critical to demonstrate the underlying cash flow generation of our in-force business
Strategic Metrics	25-30%	To drive medium term performance enhancement through key actions during the Track Record Period. As agreed by our Group Board every year

An individual’s performance contribution is also considered when determining the amounts to be paid to the senior employees. The total value of short-term incentive awards that was paid to the senior management for 2024 was US\$9.4 million.

BUSINESS

During the Track Record Period, additional incentives were provided to support the FWD 10th anniversary celebration.

Long-term Incentive Plan

We offer a long-term share incentive plan to senior employees of the FWD Group in order to recognise our people who can influence, and contribute towards, the achievement of FWD's long-term goals and success and to drive retention of key talent. Eligible senior employees may receive an annual grant of either time-based or time-based and performance-based share awards, which vest over periods of three to four years.

For 2022 and 2023, the performance measures used in the long-term incentive plan were as follows:

Performance Measures	Weighting	Description
Cumulative VNB	30%	VNB is the main valuation driver for our Group at this stage of our development and therefore remains the most important metric in terms of weighting
Cumulative OPBT	15-20%	OPBT growth is key to demonstrate progress and the path towards profitability over the medium term
Cumulative NBS as % of cumulative VNB	10%	NBS measures the capital consumption of our new business and is a key driver of cash flow over the medium term
Cumulative EEVG	10-15%	EEVG measures operating performance (expenses, persistency, and claim) against our actuarial assumptions and is critical to demonstrate the underlying cash flow generation of our in-force business
Strategic and Organisational Health	30%	To drive long-term performance enhancement through critical strategic and organisational health metrics

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For 2024, the performance measures used in the long-term share incentive plan were as follows:

Performance Measures	Weighting	Description
Organic Embedded Value Contribution	35%	To drive embedded value growth contribution that is organically driven and under management control, which excludes economic factors
Return on Equity	20%	To drive path to profitability and increase in shareholder value returns
Net Operating Cashflow	25%	To drive liquidity and cash flow management
Strategic Metrics	20%	To drive long-term performance enhancement through critical strategic and organisational health metrics

PROPERTIES

As of 31 December 2024, we operated our business primarily through leased premises. We lease various properties in the jurisdictions in which we operate and we primarily use our leased properties as office premises for our business operations. We are headquartered in Hong Kong, where we lease 16 properties covering a gross floor area of over 44,000 square meters.

As of 31 December 2024, each of our investment properties had a carrying amount of less than 1% of our consolidated total assets and none of our non-investment properties had a carrying amount of 15% or more of our consolidated total assets. Therefore, we are not required to include a property valuation report in this prospectus.

LEGAL PROCEEDINGS

We are subject to routine legal proceedings in the normal course of operating our insurance business. We are not currently, and have not been during the 12 months preceding the date of this prospectus, involved in any legal proceedings which reasonably could be expected to have a material adverse effect on our business, results of operations or financial condition.

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During the Track Record Period and up to the Latest Practicable Date, we have not been, no member of our Group has been, and no director thereof has been, engaged in any litigation, claim or arbitration of material importance nor, to the best of the Directors' knowledge, is any litigation, claim or arbitration of material importance pending or threatened against us, any member of our Group or any Director. In addition, as of the Latest Practicable Date, none of us, any of our Business Units or any Director was the subject of any actual, pending or threatened bankruptcy or receivership claims.

LEGAL COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we have complied with the relevant laws and regulations in relation to our business in all material respects and there were no material breaches or violations of the laws or regulations applicable to us that would have a material adverse effect on our business or financial condition taken as a whole.

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Prospective investors should read the following discussion and analysis in conjunction with the consolidated financial statements of FWD Group Holdings Limited (together with its consolidated subsidiaries, the “Group”), together with the accompanying notes set out in the Accountants’ Report included in Appendix I to this prospectus, and the Actuarial Consultant’s Report included in Appendix III. Our financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). Investors should read the whole of the Accountants’ Report and the Actuarial Consultant’s Report, and not rely merely on the information contained in this section.

The following discussion contains certain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as factors that we believe are appropriate under the circumstances. However, our actual results and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors” and elsewhere in this prospectus.

For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our fiscal year ended 31 December of that year. All growth rates included in this section, including compounded growth rates, are presented on an actual exchange rate (“AER”) basis, unless otherwise stated.

OVERVIEW

We are a Pan-Asian life insurer. We operate in ten markets that we group under the following reporting segments:

- Hong Kong (and Macau);
- Thailand (and Cambodia);
- Japan; and
- Emerging Markets, which, for purposes of the reporting segments, we define to include the Philippines, Indonesia, Singapore, Vietnam and Malaysia.

We entered several of these markets through acquisitions pursuant to a strategy to access some of the fastest growing life insurance markets in Asia with rapidly increasing GDP and personal disposable income, and expanding, demographically attractive but underinsured populations.

BASIS OF PRESENTATION

We have undertaken the Reorganisation to unify the ownership structure of our Group, as well as to facilitate the Global Offering. See “*History, Reorganisation and Corporate Structure – Reorganisation*” and Note 1.2 to the Accountants’ Report included in Appendix I for more information. Our consolidated financial statements may not be indicative of what our results of operations, financial condition and cash flows will be in the future. Set forth below are certain factors that prospective investors should note as they consider the financial and other information presented in this section.

Implementation of IFRS 17 and IFRS 9

Implementation of IFRS 17

We adopted IFRS 17, Insurance Contracts, effective 1 January 2023. The 2022 financial information in this prospectus has also been presented on an IFRS 17 basis. The IFRS 17 Insurance Contracts standard has replaced the previous IFRS 4 Insurance Contracts standard and has materially changed the recognition and measurement of insurance contracts and the corresponding presentation and disclosures. IFRS 17 provides the general model which is based on a discounted cash flow model with a risk adjustment and deferral of unearned profits, supplemented by a variable fee approach for contracts that provides both insurance coverage and investment related service, and a premium allocation approach that applies to short-duration contracts. Insurance revenue is no longer measured by premium, but recognised by the provision of services to policyholders throughout the term of the insurance contracts. See “– *Critical Accounting Policies and Estimates – IFRS 17 Insurance Contracts (for 2024, 2023 and 2022 Financial Information)*” for details.

Implementation of IFRS 9

We adopted IFRS 9, Financial Instruments, effective 1 January 2023. The 2022 financial information in this prospectus has also been presented on an IFRS 9 basis. The IFRS 9 Financial Instruments standard has replaced the previous International Accounting Standards (“IAS”) 39 Financial Instruments: Recognition and Measurement. The new standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 is based on the concept that financial assets should be classified and measured at fair value, with changes in fair value recognised in profit and loss as they arise (“FVPL”), unless restrictive criteria are met for classifying and measuring the asset at either amortised cost or Fair Value Through Other Comprehensive Income (“FVOCI”). IFRS 9 eliminates impairment assessment requirements for investments in equity instruments because they now can only be measured at FVPL or FVOCI without recycling of fair value changes to profit and loss, while establishing a new approach for debt instruments, loans and receivables, including trade receivables, that are measured at amortised cost or FVOCI – an “expected credit loss” (“ECL”) model that focuses on the risk that a debt investment, loan or receivable will default rather than whether a loss has been incurred. IFRS 9 allows more exposures to be hedged and establishes new criteria for hedge

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accounting that are somewhat less complex and more aligned with the way that entities manage their risks than under IAS 39. See “– *Critical Accounting Policies and Estimates – IFRS 9 Financial Instruments*” for details.

Revisions and Updates to Methodology and Operating Assumptions

At the end of 2023, we implemented revisions to our EV methodology and operating assumptions to better reflect our post-pandemic experience across markets, as well as market disruption in Vietnam. Additionally, effective 1 January 2024, we have also made updates to our actuarial methodology. The revisions and updates to our methodology and operating assumptions at the end of 2023 have had an impact on certain key performance indicators relating to our growth in 2024, namely APE, VNB, and new business CSM. While revising or updating actuarial methodology and operating assumptions is a routine aspect of the insurance industry, the revisions and updates at the end of 2023 indicate material differences when applied to our actual, as-reported APE, VNB and new business CSM in 2023. Accordingly, in order to facilitate a meaningful comparison between 2023 and 2024, we have presented in this prospectus the comparative figures for APE, VNB and new business CSM in 2023 on a “like-for-like basis.” See “– *Key Performance Indicators*” for details.

Reorganisation and Financing

Our operating subsidiaries carry out businesses which span across Hong Kong, Macau, Thailand, Cambodia, Japan, the Philippines, Indonesia, Singapore, Vietnam and Malaysia, and our subsidiaries were held under two intermediate holding companies, namely, FL and FGL. We have undertaken the Reorganisation to unify the ownership structure of the Group and enhance its organisational efficiency, as well as to facilitate the Global Offering. See “*History, Reorganisation and Corporate Structure – Reorganisation*” and Note 1.2 to the Accountants’ Report included in Appendix I for more information.

For a discussion of the Pre-IPO Investments made in our Group, see “*History, Reorganisation and Corporate Structure – Major Shareholding Changes of our Company – Pre-IPO Investments.*”

Athene Reinsurance Transaction

In November 2023, we executed an agreement for a block reinsurance transaction with Athene Annuity Re. Under the terms of the agreement, Athene Annuity Re reinsures an in-force block of whole life insurance policies of FWD Japan. In conjunction with the transaction, Athene Annuity Re also entered into an agreement to retrocede the mortality risk associated with the block to Swiss Re, a global reinsurer and the intermediate parent company of Swiss Re PICA, which is one of our Shareholders. The Athene Reinsurance transaction reduced the interest rate risk and the corresponding capital charge of FWD Japan, and as of 31 December 2023, its statutory solvency margin ratio free surplus improved by US\$356 million. The Athene Reinsurance transaction also improved the Group EV by

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US\$295 million as of 31 December 2023. Further, the interest rate guaranteed by Athene Annuity Re is higher than the return required to support the policyholder benefits under IFRS and thus generated new business CSM of US\$440 million in 2023. The Athene Reinsurance Transaction involved the transfer of debt securities to Athene Annuity Re, with an equivalent reinsurance asset recognised on our balance sheet. Under IFRS, timing differences exist between the recognition of any future profits and the recognition of one-time impacts to net profit/(loss). As a result of the Athene Reinsurance transaction, we recognised a one-time investment loss of US\$505 million to profit before tax in 2023, representing the difference between the book value and market value of the debt securities being transferred and deemed realised.

Acquisitions, Investments and Discontinued Businesses

On 8 March 2024, we acquired an additional 21% equity interest in FWD Takaful in Malaysia for consideration of US\$26 million, which has brought our shareholding in FWD Takaful to 70%.

On 3 April 2023, we acquired, with local investors, a 70% effective interest in Gibraltar BSN Life Berhad (now rebranded as FWD Life Malaysia), an insurance company in Malaysia, from the Prudential Insurance Company of America for total consideration of US\$20 million. This acquisition has enabled our Group to enter the traditional life insurance market in Malaysia alongside our existing takaful presence, and has allowed us to create a full-service offering in Malaysia to offer both family takaful and life insurance solutions in a rapidly growing market with long-term potential for growth, as well as to benefit from GBSN Life's existing exclusive life insurance distribution partnership with Bank Simpanan Nasional. See Note 5.1 to the Accountants' Report for more details.

On 21 March 2022, we disposed of our entire interest in FWD Assurance (Vietnam) to Tan Viet Securities Joint Stock Company and a group of investors for total consideration of US\$40 million. See Note 5.2 to the Accountants' Report included in Appendix I for more details.

On 2 March 2021, we completed the subscription of a minority stake in BRI Life in Indonesia for consideration of US\$273 million. Concurrently with our subscription, BRI Life entered into a long-term distribution partnership with Bank BRI. Subsequently on 2 March 2022, 2 March 2023 and 1 March 2024, we subscribed for additional shares in BRI Life for consideration of US\$54 million, US\$51 million and US\$49 million, respectively, which has brought our shareholding in BRI Life to approximately 44%. See Note 15 to the Accountants' Report included in Appendix I.

In addition, since 1 January 2022, we have made other strategic acquisitions and investments, and agreed to sell certain businesses which are classified as discontinued operations in the consolidated financial statements. These acquisitions, investments and discontinued operations are, individually and in the aggregate, immaterial to our financial condition and results of operations.

FACTORS AND TRENDS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations, as well as the comparability of our results of operations between periods, have been affected and will continue to be affected by a number of factors, including the following.

Acquisitions and investments. We have made several strategic acquisitions that have contributed significantly to our business growth and our geographic expansion. See “– *Basis of Presentation – Acquisitions, Investments and Discontinued Businesses.*” Due to the proportion of our in-force business that has arisen through acquisitions, our results of operations are significantly impacted by one-off costs of integration activities and the costs of servicing debt incurred to finance our acquisitions, which are not necessarily indicative of the operational performance of our operating segments. We have also recorded goodwill and other intangible assets as a result of such acquisitions and investments. See Note 5.1 to the Accountants’ Report included in Appendix I. We plan to continue to grow and strengthen our market position as a Pan-Asian insurer through both organic growth and strategic acquisitions across Asia.

Economic, political, and social conditions, demographic trends and consumer behaviour. Our business is inherently subject to general economic, political, and social conditions, market fluctuations, consumer behaviour and demographic changes in each of the markets in which we operate. Some of these factors were exacerbated in 2022 with the spread of the COVID-19 pandemic and the policies and restrictions implemented by governments across our markets to deter the spread of the disease. These policies caused substantial disruptions to, and generally reduced the levels of consumption and commercial activities in, all of our key markets. Specific factors that affected our reporting segments include:

- in Hong Kong (and Macau), COVID-19 related government measures such as border controls and travel restrictions led to a decline in sales of our insurance products to and payment of renewal premiums by offshore policyholders in 2022, in particular, MCVs; with the lifting of Hong Kong-mainland China border controls in early 2023, our new business sales from MCVs increased in 2023 and 2024, exceeding our new business sales from MCVs in 2019 before the outbreak of COVID-19 pandemic;
- in Thailand (and Cambodia), in addition to the impact of the COVID-19 pandemic on the general economy, political events and policy changes have continued to impact our business operations; the effects of these factors on our overall financial condition and results of operations have been moderated by the resulting expansion in the scale of our operations in Thailand;
- in Emerging Markets, which includes the Philippines, Indonesia, Singapore, Vietnam and Malaysia, growing health and protection awareness is expected to increase per capita spending on insurance. In addition, regulatory matters, such as

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regulatory changes in Indonesia which have required us to make changes to our product mix to more traditional and protection products from unit linked products, as well as the industry-wide review of bancassurance sales practices and a fall of consumer confidence that disrupted the insurance market in Vietnam generally, have impacted on our overall financial condition and results of operations in Emerging Markets. See *“Business – Our Operations in our Geographic Markets – Our Emerging Markets”* and *“Industry Overview – The Asia life insurance industry continues to exhibit robust growth driven by structural and macroeconomic factors”* for more details.

Across the markets in which we operate, volatility in the financial markets may affect general levels of economic activity, employment and customer behaviour. For example, there may be an elevated incidence of claims, lapses or surrenders of policies, and our policyholders may choose to defer or stop paying insurance premiums. We are generally able to promptly identify and mitigate the effects of adverse economic changes or a decline in consumer confidence in a particular market through offsetting activities in our other markets, offering a wide range of insurance products targeting different customer segments, and introducing new products in response to changes in customer needs. However, difficult macroeconomic conditions and unforeseen circumstances, including those leading to regulatory change in any given market, could reduce demand for our products and services, and reduce the returns from, or give rise to defaults or losses in, our investment portfolio.

Insurance and investment product markets are also constantly evolving alongside shifts in customer preferences and demographic changes. See *“Industry Overview – The Asia life insurance industry continues to exhibit robust growth driven by structural and macroeconomic factors – Market size and growth.”* In order to remain competitive, we must respond to such changes in a timely manner, grow our business and maintain market share. Changes in customer preferences and population demographics in the jurisdictions in which we operate may have a material impact on our results and operations and require us to adopt significant changes to our strategies and business plan. If these trends continue, or other similar demographic changes occur in any of the jurisdictions in which we operate, we may face reduced demand for our life insurance products, the scale of our insurance business may diminish, and our financial condition and results of operations may be materially and adversely affected.

Product portfolio and multi-channel distribution. We maintain a diversified product portfolio and distribute our products through multiple channels to address the needs of a broad segment of customers in different life stages. Our product portfolio includes participating life, non-participating life, unit-linked, group insurance, and other products. During the Track Record Period, we have gradually shifted our focus to offering more protection products to better serve the needs of our customers and enhance our profitability. See *“Business – Our Products – Life insurance products.”* We distribute our products through bancassurance, agency, brokerage/IFA and other channels to reduce dependency on any single distribution channel. Our ability to maintain a diverse product portfolio and a balanced

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multi-channel distribution network, as well as how quickly we are able to market new products and adapt our distribution network to reach our target markets, will impact the extent to which we can create business value and respond to rapidly changing market needs.

Customers' claims experience. Our financial results are affected by our customers' claims experience, which may be different from the assumptions that we would have made when we designed and priced our products and when we calculate our insurance contract liabilities. Claims experience varies over time and with products, and may be impacted by specific events and changes in the macroeconomic environment, demographics, mortality, morbidity and other factors. We have continued to implement a series of initiatives to reduce claims exclusions and shorten the turnaround time for claims payments. See "*Business – Customers – Transforming the Customer Journey*." While we believe that these measures will improve customer experience and the attractiveness of our products, actual claims experience and policy benefits will differ by customer, and any failure to achieve our intended results may adversely impact our results of operations and growth prospects.

Expense Management. As is typical for a life insurance company, our major expense items include insurance and investment contract benefits which represent the claims and benefits we pay to our policyholders and, to a lesser extent, operating expenses, commission and commission-related expenses, finance costs and other expenses. As our business has continued to increase in scale, our expense overruns have decreased meaningfully from US\$149 million in 2022, to US\$132 million in 2023 and further to US\$59 million in 2024, as outlined in the Actuarial Consultant's Report included in Appendix III.

We monitor our expense overruns against our expense assumptions, which we set based on a long-term view of our expenditures and historical operating experience, including acquisition and maintenance activities by the reporting segments, and other product-related costs that drive up our spending. As we continue to expand the size of our business operations and further invest in technology, we expect to continue to realise economies of scale and synergies from our businesses and benefit from enhanced operational efficiencies to eliminate our expense overruns over time.

Investment portfolio performance. We invest the premiums and other income generated from our operating companies in accordance with the key investment objectives defined by our Risk Committee. We outsource a significant portion of our investment portfolio to external asset managers selected on the basis of expertise in specific asset classes or market coverage. As of 31 December 2024, our investment portfolio, excluding investments supporting investment linked contracts under which policyholders assume the investment risk, comprised US\$41,877 million in investment assets (79.2% of which consisted of fixed income securities). Our results of operations, financial condition and future prospects are affected by the performance of our investment portfolio and our ability to generate a significant level of return from our investments. Market conditions can significantly impact our results and lead to substantial changes from period to period. In 2023, we recorded a net loss of US\$717 million, compared to a net loss of US\$320 million in 2022. The higher net loss in 2023 compared to 2022 was mainly due to the investment losses on disposal of financial

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investments related to the Athene Reinsurance transaction in Japan as previously mentioned. Our investments' liquidity is affected by numerous factors, including the existence of suitable buyers and market makers, market sentiment and volatility, the availability and cost of credit and general economic, political and social conditions. There may not be a liquid trading market for some of our investments. Additionally, if we are required to dispose of illiquid assets at short notice, for example to meet policyholder obligations, we could be forced to sell such assets at prices significantly lower than the prices we paid for them. As most of our investments consist of fixed-income securities, we are also exposed to credit risks, in particular the risk that the issuers of such securities may not be able to fulfil their obligations to make their scheduled interest or principal payments.

As of 31 December 2024, 96.4% of our fixed income investment portfolio was rated investment grade, including government bonds and corporate bonds. We had a moderate portion of investments rated below investment grade, primarily because Thailand, the Philippines and Indonesia all have international sovereign debt ratings of BBB and, as a result, most corporate bonds issued in these markets are below investment grade on an international rating scale. We intend to continue to include certain non-investment grade securities in our investment portfolio if we find such investment opportunities attractive and appropriate.

In general, the investment risk in respect of investments held to back unit-linked contracts is borne by holders of our unit-linked insurance products, such as variable universal life insurance products, whereas the investment risk associated with investments held by participating funds is shared between our policyholders and our Shareholders. The investment risk in respect of non-participating products is borne by our Shareholders.

Fluctuations in market interest rates and equity markets. Our investment portfolio primarily consists of fixed income investments. As a result, our profitability is affected by changes in market interest rates that impact the level and timing of gains and losses that we make on our fixed income investments. Hong Kong, Thailand and Japan are the markets in which we have the most interest rate exposure through our fixed income investments. After a prolonged period of low interest rates historically in all of these jurisdictions, interest rates have risen in 2024, which has resulted in higher fixed interest income. If market interest rates decline, we may generate less income from our fixed income investments. As instruments in our investment portfolio mature, we may reinvest the proceeds from such maturing investments, which were generally purchased in environments where interest rates were lower than current levels, in new investments that bear higher yields. On the other hand, if interest rates start rising again, this could increase our investment income from our fixed income investments, a high interest rate environment may also reduce the market value of these instruments. In addition, higher interest rates could result in increased surrenders and withdrawals of insurance policies and contracts as our policyholders seek other investments with higher perceived returns. This may result in significant cash outflows and may require us to sell our investment assets at a time when the prices of those assets are adversely affected by the increase in market interest rates.

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We are also exposed to interest rate risks through certain long-term life insurance policies we underwrite that guarantee a minimum interest or crediting rate to our policyholders established when such products are initially priced. These products expose us to the risk that changes in interest rates may reduce our spread, represented by the difference between the interest rates we are required to pay under such policies and the rate of return we are able to earn on investments supporting our insurance obligations. A reduction in our spread could adversely affect our solvency position in some jurisdictions and our ability to pay our insurance obligations. Our financial condition and results of operations could also be adversely affected if the rate of return on our investments falls below the minimum interest rates we guarantee under those insurance products. See *“Risk Factors – Risks Relating to Credit, Counterparties and Investments – Interest rate movements could affect our investment return, which may materially and adversely affect our profitability and our ability to service our debt obligations, or reduce our yield on investments, adversely affecting our liquidity and cash flows.”* To minimise our exposure to interest rate and other market risks and in accordance with our strategy to focus on protection, we had gradually increased the contribution of protection products to our overall sales.

Fluctuations in equity markets may affect our investment returns and the sale of our unit-linked and universal life insurance products. Equity securities and interests in investment funds only comprised 14.1% of our investment portfolio as of 31 December 2024.

Sales of unit-linked insurance products typically decline in periods of protracted or steep declines in equity markets and increase in periods of rising equity markets. In particular, customers may be reluctant to commit to new unit-linked products in times of uncertainty or market volatility, although some customers with regular premium paying policies may choose to maintain their payments of regular premiums as markets decline, following a strategy of dollar cost averaging. Surrenders, premium holidays and withdrawals may increase at times of declining equity markets. In addition, lower investment returns for our unit-linked insurance products would also have a secondary impact on the asset management and other fees we earn, some of which are based on the account balance of these contracts.

Fluctuations in foreign exchange rates. We currently operate in multiple geographic markets in Asia, including Hong Kong, Macau, Thailand, Cambodia, Japan, the Philippines, Indonesia, Singapore, Vietnam and Malaysia. Our most significant foreign currency exposure is to the Thai Baht, the Hong Kong dollar and the Japanese Yen, details of which are set out in Note 29 to the Accountants’ Report included in Appendix I. We do not currently hedge our revenues or our net equity position in any of our operating subsidiaries. The effect of exchange rate fluctuations on our local operating results in the markets we operate in could lead to significant fluctuations in our consolidated financial statements upon translation of the results into US dollars. We seek to limit our exposure to foreign exchange rate risk by ensuring that our financial assets are predominantly denominated in the same currencies (or in the case of Hong Kong, US dollars) as our insurance liabilities in each of our geographic markets.

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Regulatory environment. Our business is subject to extensive regulations and oversight by various insurance regulators and other regulatory bodies. The primary purpose of insurance laws and regulations is to protect insurance policyholders, not debtholders or shareholders. Certain of the regulations that we are subject to impose limits on the types of investments that we may make and require us to maintain specified reserves and minimum solvency margin ratios. See “*Regulatory Overview and Taxation*” and “*Risk Factors – Risks Relating to our Business – New solvency standards may affect our capital position.*”

Prior to the group-wide supervision (“**GWS**”) framework, the HKIA supervised certain international insurance groups, including us, through written undertakings provided by these insurance groups. The GWS framework, which came into force on 29 March 2021, empowers the HKIA to (i) designate an insurance holding company to ensure the insurance group’s compliance with GWS’s capital requirements, (ii) apply risk management and governance measures across the insurance group, including a requirement to carry out economic capital assessments and risk and solvency assessments, and (iii) set out disclosure requirements that cover risk and governance matters in relation to its insurance group. We have been subject to GWS since 14 May 2021.

On 1 July 2024, the RBC regime commenced for authorised insurers in Hong Kong. The RBC regime in Hong Kong replaces the previous rule-based regime with a risk-based approach, which is aligned with international regulatory requirements. Each of FWD Life (Bermuda), FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong) have early adopted Pillar 1 of the RBC regime in 2022 prior to its commencement. See “– *Solvency and Capital*” and “*Regulatory Overview and Taxation.*”

Our efforts to comply with the evolving regulations across the many jurisdictions we operate in may lead to increased operating and administrative expenses. Additionally, we may need to obtain prior authorisation from our regulators before selling new insurance products or making changes in the terms of products we sell in particular jurisdictions. Delays in obtaining such approvals may have an adverse impact on our ability to grow our business and expand the range of products we are able to offer to our customers. Regulatory changes could also affect demand for and sales of our products. For example, recently announced developments in Hong Kong relating to participating products could adversely affect their attractiveness to customers and result in reduced sales unless offset by an increase in sales of existing or new products that we may introduce. In addition, industry discussions in Hong Kong regarding potential reforms of intermediary commissions could result in increased sales in anticipation of stricter new regulations, which may affect sales during the period shortly following the implementation of any such new regulations.

Other regulations may limit our ability to engage in certain investment activities, which may restrict our ability to diversify investment risks and enhance the profitability of our investment portfolio.

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Competition. We face significant competition in each of the jurisdictions in which we operate. In particular, the life insurance markets in Hong Kong and Southeast Asia are dominated by a relatively small number of large insurers, some of which have greater financial resources and economies of scale than us. In Japan, we face competition from both domestic and foreign-owned life insurance companies and from large domestic financial services providers that either have their own insurance subsidiaries or have entered into cooperation arrangements with major insurance companies. We also face competition from banks and other financial institutions that directly own insurance companies and from smaller insurance companies that may develop a strong position in various markets in which we operate. Competition may negatively affect our business, financial condition and results of operations by reducing our market share in the jurisdictions in which we operate, decreasing our margins and reducing the growth of our customer base. We seek to differentiate ourselves from our competitors by tailoring our products and services to the needs of fast-growing markets and population segments. However, there is no guarantee that we will be able to compete with our competitors to retain and attract new customers.

KEY PERFORMANCE INDICATORS

In addition to the information contained in our consolidated financial statements, we have defined and presented below various key performance indicators that we rely upon to evaluate, and in our view provide an alternative measure with which to monitor, our economic, financial and operating performance, and which we use to monitor the performance of the Group and its business and operations, identify trends in our business, and make strategic decisions, including setting performance goals for our executives and senior employees, and being a basis of our compensation programme. These measures, and the growth rates presented below, are not meant to be predictive of future results. The growth rates presented below for these measures, including the compounded growth rates, are on a CER basis, to aid meaningful comparison.

Our key performance indicators measure the profitability, growth, risk and capital, and value of our business. Group EV, VNB and adjusted net UFSG are actuarially determined estimates that rely upon certain assumptions and estimates made by management. See the Actuarial Consultant's Report set forth in Appendix III to this prospectus for details of actuarial estimates and assumptions. These indicators may not be comparable to other similarly titled measures of other life insurers or companies, since they are not uniformly defined or calculated, have limitations as analytical tools and should not be considered in isolation, or as alternatives or substitutes for analysis, of our operating results reported under IFRS. Accordingly, you should exercise caution in comparing these measures as reported by us to those of other life insurance companies.

As we discuss in greater detail when defining each measure below, we believe that these measures are useful to investors in evaluating our performance. However, APE is an operational performance measure while Group EV, VNB and adjusted net UFSG are actuarial performance measures and are not indicators recognised under IFRS. You should not consider them as alternatives to financial measures and ratios reported under IFRS. Also,

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since these are actuarially determined metrics and performance measures, there is no equivalent IFRS measure. Further, as we describe below, operating profit after tax, net profit/(loss) attributable to Equity Holders of the Company, TWPI, leverage ratio, comprehensive tangible equity and return on equity are non-IFRS measures and reconciliation of the same is provided, respectively, in Note 6 to the Accountants' Report included in Appendix I. In addition, you should take into account, unless otherwise stated, that these measures reflect the impact of the acquisitions we have made during the periods covered in this prospectus. The following pages define our key performance indicators, including the usefulness to investors of each of them.

At the end of 2023, we implemented revisions to our EV methodology and operating assumptions to better reflect our post-pandemic experience across markets, as well as market disruption in Vietnam. These revisions mainly relate to the strengthening of the persistency, morbidity, and mortality assumptions to reflect our most recent experience. Additionally, effective 1 January 2024, we have also made updates to our actuarial methodology, specifically making allowance in the calculation of VNB for costs associated with agency recruitment programmes as well as revising the renewal term of group business from 15 years to align with IFRS 17 treatment of contract boundaries. See the Actuarial Consultant's Report set forth in Appendix III to this prospectus for details of the revisions and updates to our methodology and operating assumptions.

The revisions and updates to our methodology and operating assumptions at the end of 2023 have had an impact on certain key performance indicators relating to our growth in 2024, namely APE, VNB, and new business CSM. While revising or updating actuarial methodology and operating assumptions is a routine aspect of the insurance industry, our revisions and updates at the end of 2023 indicate material differences when applied to our actual, as-reported APE, VNB and new business CSM in 2023. We and the Joint Sponsors believe that it is important for investors to understand the extent to which these differences arise from our revisions to the methodology and operating assumptions, versus our broader business and financial performance. Accordingly, in order to facilitate a meaningful comparison between 2023 and 2024, we have presented in this prospectus the comparative figures for APE, VNB and new business CSM in 2023 on a **"like-for-like basis"**: (i) in the case of VNB and new business CSM, assuming that assumption changes as of 31 December 2023 were effective as of 1 January 2023; (ii) in the case of VNB and APE, aligning the renewal term of group business to the treatment under IFRS 17; and (iii) in the case of VNB, making allowance for costs associated with agency recruitment programmes. While we believe that presentation of "like-for-like basis" disclosure is in line with the practice of other life insurance companies, our definition of "like-for-like basis" may not be directly comparable to other similarly titled measures of other life insurers or companies, since it is not uniformly defined or calculated, has limitations as an analytical tool and should not be considered in isolation, or as an alternative or substitute for analysis, of our actual, as-reported information. Accordingly, you should exercise caution in comparing the "like-for-like basis" measures as reported by us to those of other life insurance companies. For other key performance indicators that are not impacted by the revisions discussed above, the comparative figures in 2023 are only presented on an actual, as-reported basis.

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Profitability

- *Operating profit after tax (non-IFRS measure).* Operating profit after tax consists of net profit/(loss) adjusted to exclude (i) short-term fluctuations in investment return related to equities, interests in investment funds and investment property and other non-operating investment return, (ii) finance costs related to borrowings and long-term payables, (iii) mergers and acquisitions (“M&A”), business set-up and restructuring related costs, (iv) IPO related costs, including incentive costs, (v) loss component on onerous contracts measured under variable fee approach (“VFA”), relating to market movements, (vi) implementation costs for IFRS 9 and 17 and GWS, and (vii) any other non-operating items which, in our view, should be disclosed separately to enable a meaningful understanding of our financial performance. Operating profit after tax enhances the understanding and comparability of the Group’s performance and that of its operating segments on an ongoing basis, which is a measure also used by other listed Pan-Asian life insurers. The Group considers that trends can be more clearly identified without the significant impact of the loss component on onerous contracts, the one-off costs of integration activities and the costs of servicing debt used to finance acquisition activities, and the fluctuating effects of other non-operating items which are largely dependent on market factors. Operating profit after tax included in this prospectus is attributable to Equity Holders of the Company, unless otherwise stated.

The following table sets forth further details of each adjustment item:

Adjustment	Explanation
(i) Short-term fluctuations in investment return related to equities, interests in investment funds and investment property, and other non-operating investment return	<ul style="list-style-type: none"> • Short-term fluctuations in investment return related to equities, interests in investment funds and investment property, and other non-operating investment return are driven by market factors. • Exclusion of these items would eliminate the short-term volatility in profit or loss driven by market factors, allowing for easier and more meaningful comparison between reporting periods.
(ii) Finance costs related to borrowings and long-term payables	<ul style="list-style-type: none"> • Finance costs related to borrowings and long-term payables mainly arose in the past from financing undertaken to fund our various acquisitions and are not reflective of the Group’s ongoing operating performance. • Exclusion of finance costs allows for improved comparability between reporting periods and provides a better reflection of the Group’s ongoing operating performance.

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Adjustment	Explanation
(iii) M&A, business set-up and restructuring related costs	<ul style="list-style-type: none"> • These costs are incurred in relation to acquiring, integrating, restructuring and disposing of the Group's businesses. • These costs are not reflective of the Group's operating performance, and their exclusion provides a better reflection of the Group's ongoing operating performance.
(iv) IPO related costs including incentive costs	<ul style="list-style-type: none"> • IPO related costs are expenses incurred in connection with the Global Offering, and costs of incentive arrangements solely structured for the purpose of the Global Offering. These costs arise solely as a result of the Global Offering. • Excluding these costs allows for comparability between reporting periods and provides a better reflection of the Group's ongoing operating performance.
(v) Loss component on onerous contracts under VFA, relating to market movements	<ul style="list-style-type: none"> • The group of insurance contracts is defined to be onerous if the total of cash flows is a net outflow and a loss component is created to depict the amount of the net cash outflow. VFA contracts may become onerous due to short-term fluctuations in investment return driven by market factors and exclusion of this item would eliminate the short-term volatility to profit or loss, allowing for better comparability between reporting periods.
(vi) Implementation costs for IFRS 9 and 17 and GWS	<ul style="list-style-type: none"> • The Group has adopted IFRS 9 and IFRS 17 in the annual reporting period beginning on 1 January 2023. The Group has also been subject to the HKIA's GWS framework since 14 May 2021. • The changes in IFRS and the GWS framework are unprecedented and as such require a fundamental change in systems and processes to reporting requirements, including one-time changes at the Group level that are different from the capital computations that we already incur at the Business Unit levels on an ongoing basis as well as other risk management requirements.

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Adjustment	Explanation
	<ul style="list-style-type: none"> • These implementation costs, which are not reflective of the Group's operating performance, are only incurred during the implementation stage and will decrease substantially post implementation. • Exclusion of these costs will improve the comparability between reporting periods.
(vii) Any other non-operating items which, in our view, should be disclosed separately to enable a meaningful understanding of our financial performance	<ul style="list-style-type: none"> • Expenditure which is not considered to be reflective of the Group's ongoing operations is excluded to allow better period-on-period comparability, where one-off and non-recurring expenses may otherwise impact meaningful trend analysis.
<ul style="list-style-type: none"> • <i>Net profit/(loss) and net profit/(loss) attributable to Equity Holders of the Company.</i> For the discussion in this prospectus, references to "Equity Holders of the Company" are to (i) Shareholders of the Company, holders of perpetual securities and non-controlling interests holders of FL and FGL, before the Reorganisation; and (ii) Shareholders of the Company and holders of perpetual securities of the Company, after the Reorganisation, while references to "non-controlling interests" represent ordinary shares, preference shares, and convertible preference shares which are not attributable to Equity Holders of the Company. See Note 6 to the Accountants' Report included in Appendix I for more information. 	
<ul style="list-style-type: none"> • <i>Contractual service margin ("CSM") balance.</i> CSM represents a component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit that the Group will recognise as it provides insurance contract services under the insurance contracts in the Group, and the balance presented is net of reinsurance ("CSM balance"). Our CSM balance has built up over time through the addition of successive cohorts of profitable new business over many years. 	

Growth

- *New business contractual service margin ("**New business CSM**").* New business CSM represents a component of the carrying amount of the asset or liability for a group of new insurance contracts issued during the relevant reporting period, representing the unearned profit that the Group will recognise as it provides insurance contract services under the insurance contracts in the Group. To enhance the understanding and comparability of the Group's performance on an ongoing basis, the new business CSM figure presented in the following table of key performance indicators consists of new business CSM under IFRS, adjusted to (i) exclude the impact of the Athene Reinsurance

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transaction, which, in our view, should be disclosed separately to enable a meaningful understanding of our financial performance given the one-off nature of this transaction, and (ii) take into account the impact of the Group's investment in BRI Life, which is accounted for as an investment in associate under IFRS.

- *Annualised premium equivalent (“APE”)*. APE is an operational performance measure and consists of the sum of 10% of single premiums and 100% of annualised first year premiums for all new policies, before reinsurance ceded. Consistent with customary industry practice, a factor of 10% is applied to single premiums because such weighting makes the value of a single premium sale broadly equivalent to the same dollar amount of first year premiums. APE provides an indicative volume measure of new policies issued in the relevant period and thereby an indicator of how much new business sales we are able to generate in any period. For our takaful business, APE refers to annualised contribution equivalent.
- *Value of new business (“VNB”)*. VNB is an actuarial performance measure which represents the value to shareholders arising from the new business issued during the relevant reporting period. It reflects the present value, measured at point of sale, of future net-of-tax profits on a local statutory basis less the corresponding cost of capital. VNB is calculated quarterly, based on assumptions applicable at the start of each quarter. VNB is a useful metric to help understand the profitability of our new business.
- *Total weighted premium income (“TWPI”) (non-IFRS measure)*. TWPI consists of 10% of single premiums, 100% of first year regular premiums and 100% of renewal premiums across all business lines, before reinsurance ceded, and includes deposits and contributions for contracts that are accounted for as deposits in accordance with our accounting policies. Consistent with customary industry practice, a factor of 10% is applied to single premiums because such weighting makes the value of a single premium sale broadly equivalent to the same dollar amount of first year premiums. TWPI provides an indicative volume measure of transactions undertaken in the relevant period that have the potential to generate profits for the shareholders. See Note 6.4 to the Accountants' Report included in Appendix I for more information.

Risk and Capital

- *Adjusted net underlying free surplus generation (“adjusted net UFSG”)*. Adjusted net UFSG is net UFSG excluding one-off opening adjustments, non-economic assumption changes and expense variance. The one-off opening adjustments, which are nonrecurring, primarily include adjustments resulting from revisions to the Hong Kong RBC reserving methodology in Hong Kong and alignment of change in reserving methodology to IFRS 17 in FWD Reinsurance. The non-economic assumption changes are also considered one-off and excluded in the adjusted net UFSG. The expense variance includes the maintenance expenses that are allowed for in our in-force book and our operating and acquisition expenses. Net UFSG is an actuarial performance measure and represents the free surplus generation (“UFSG”), allowing for the free

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surplus used to fund new business. It excludes investment return variances and other items such as the impact of acquisitions, new partnerships and discontinued business, capital movements and impact of financing. Free surplus is defined as the excess of adjusted net worth, i.e., adjusted statutory net asset value attributable to shareholders, over the required capital. Adjusted net worth comprises the statutory net asset value attributable to Shareholders of the Company, reflecting the excess of assets over policy reserves and other liabilities reported on a local regulatory basis plus/minus mark-to-market adjustments for assets that have not been held on a market value basis minus the value of intangible assets. We believe that this serves as a useful measure of the quality of our in-force business and hence the ability to generate cash.

- *Group LCSM tier 1 cover ratio (MCR basis).* Group LCSM tier 1 cover ratio (MCR basis) is the ratio of our Group tier 1 available capital to our Group minimum capital requirement, which is the sum of the minimum capital requirements of each entity within the Group. The minimum capital requirement of each entity represents the level below which the severest penalty may be imposed or the most extreme intervention measures may be taken under local regulation.
- *Group LCSM cover ratio (PCR basis).* Group LCSM cover ratio (PCR basis) is the ratio of our Group available capital to our Group prescribed capital requirement, which is the sum of the prescribed capital requirements of each entity within the Group. The prescribed capital requirement of each entity represents the level which, if maintained, would not give rise to any power to impose any penalty, sanction or intervention under local regulation.
- *Leverage ratio (non-IFRS measure).* Leverage ratio is calculated as debt divided by the sum of debt and comprehensive equity, which is adjusted total equity attributable to Shareholders of the Company including non-controlling interest (non-IFRS measure), plus the net CSM balance (as defined below) as of the end of the applicable period.

Value

- *Group embedded value (“Group EV”).* Due to the long-tail nature of insurance policies with substantial future income expected to arise from in-force insurance policies, embedded value is a commonly adopted method of measuring the economic value of a life insurance company. Embedded value is an actuarial method of measuring the consolidated value of shareholders’ interests in the existing business of an insurance company. It is an estimate of the economic value of a life insurance company based on a particular set of assumptions as to future experience, excluding any economic value attributable to any future new business. Group EV, an actuarial performance measure, represents the consolidated embedded value of our Group and is presented on a net of financing basis. Financing for this purpose includes debt held and comprises borrowings and perpetual securities.

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- *Comprehensive tangible equity (non-IFRS measure).* Comprehensive tangible equity is calculated as adjusted total equity attributable to Shareholders of the Company, plus the CSM balance net of tax and non-controlling interests (“**net CSM balance**”), minus the intangible assets net of non-controlling interests.
- *Return on tangible equity (non-IFRS measure).* Return on tangible equity is calculated as operating profit after tax for a specified period, divided by the average of the balances of tangible equity as of the beginning and end of such period. Tangible equity is calculated as adjusted total equity attributable to Shareholders of the Company, minus the intangible assets net of non-controlling interests.

KEY PERFORMANCE INDICATORS FOR THE TRACK RECORD PERIOD

The following table sets forth our key performance indicators for the periods indicated:

	Year ended/as of 31 December			2022-2024	2022-2023	2023-2024
	2022	2023	2024	CAGR	YoY	YoY
	(US\$ millions, except for percentages)				(CER)	
Profitability						
Operating profit after tax (non-IFRS measure)	299	378	463	30.9%	28.7%	28.6%
Net profit/(loss)	(320)	(717)	10	N/A	N/A	N/A
Net profit/(loss) attributable to Equity Holders of the Company (non-IFRS measure)	(320)	(733)	24	N/A	N/A	N/A
Contractual service margin (CSM) balance	5,400	5,046	5,174	1.1%	(4.2)%	6.1%
Growth						
New business contractual service margin (New business CSM)	1,409	1,349	1,222	N/A	(6.3)%	(6.7)%
New business CSM (like-for-like basis)	N/A	960	1,222	N/A	N/A	30.5%
Annualised premium equivalent (APE)	1,408	1,646	1,916	N/A	18.3%	18.6%
APE (like-for-like basis)	N/A	1,616	1,916	N/A	N/A	20.9%
Value of new business (VNB)	823	991	834	N/A	21.9%	(14.0)%
VNB (like-for-like basis)	N/A	749	834	N/A	N/A	13.5%

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	Year ended/as of 31 December			2022-2024	2022-2023	2023-2024
	2022	2023	2024	CAGR	YoY	YoY
	<i>(US\$ millions, except for percentages)</i>				<i>(CER)</i>	
Total Weighted Premium Income (TWPI) (non-IFRS measure)	6,295	6,416	6,632	5.4%	4.2%	6.4%
Risk and Capital						
Adjusted net underlying free surplus generation (Adjusted net UFSG)	625	786	839	17.4%	27.5%	9.7%
Group LCSM tier 1 cover ratio (MCR basis)	327%	336%	282%	N/A	N/A	N/A
Group LCSM cover ratio (PCR basis)	288%	292%	260%	N/A	N/A	N/A
Leverage ratio (non-IFRS measure)	23.6%	27.2%	25.5%	N/A	N/A	N/A
Value						
Group embedded value (Group EV)	6,066	5,682	5,569	(1.1)%	(4.2)%	2.8%
Comprehensive tangible equity (non-IFRS measure)	8,331	7,172	7,162	(4.2)%	(11.9)%	4.2%
Return on tangible equity (non-IFRS measure)	10.8%	10.8%	15.4%	N/A	N/A	N/A

Except for operating profit/(loss) after tax (non-IFRS measure), net profit/(loss), net profit attributable to Equity Holders of the Company (non-IFRS measure), CSM balance, TWPI (non-IFRS measure) and comprehensive tangible equity (non-IFRS measure), all other figures in the table above are unaudited.

DISCUSSION OF KEY PERFORMANCE INDICATORS FOR THE TRACK RECORD PERIOD

Profitability – Operating profit after tax (non-IFRS measure)

To provide a more meaningful representation of our results of operations, we have presented operating profit after tax (non-IFRS measure), which enhances the understanding and comparability of the Group's performance and that of its operating segments on an ongoing basis.

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Our operating profit after tax (non-IFRS measure) on a CER basis increased by 28.6% from US\$378 million in 2023 to US\$463 million in 2024. This was mainly a result of a reduction in operating expenses and improved claims experience. Operating profit after tax (non-IFRS measure) increased by 28.7% on a CER basis from US\$299 million in 2022 to US\$378 million in 2023, as we increasingly benefited from economies of scale underpinned by strong business growth.

The following table presents operating profit/(loss) after tax (non-IFRS measure) for each of our reporting segments for the periods indicated:

	Year ended 31 December		
	2022	2023	2024
	(US\$ millions)		
Hong Kong (and Macau)	109	210	218
Thailand (and Cambodia)	127	151	148
Japan	196	164	193
Emerging Markets	(4)	17	21
Corporate and Others	(129)	(170)	(128)
Operating profit after tax (non-IFRS measure)	299	372	452
Attributable to:			
Equity Holders of the Company ⁽¹⁾ (non-IFRS measure)	299	378	463
Non-controlling interests	–	(6)	(11)

Note:

(1) See Note 6 to the Accountants' Report included in Appendix I for the definition of Equity Holders of the Company.

- Hong Kong (and Macau):** Operating profit after tax (non-IFRS measure) increased by 3.6% on a CER basis from US\$210 million in 2023 to US\$218 million in 2024, primarily due to improved claims experience and lower finance costs. Operating profit after tax (non-IFRS measure) increased by 92.8% on a CER basis from US\$109 million in 2022 to US\$210 million in 2023, primarily due to the continued growth of our new business and in-force portfolio, coupled with improving expense overrun position.
- Thailand (and Cambodia):** Operating profit after tax (non-IFRS measure) decreased by 1.8% on a CER basis from US\$151 million in 2023 to US\$148 million in 2024, primarily due to (i) lower investment return from a change in asset mix in 2024, and (ii) lower CSM amortisation as a result of strengthening of operating

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assumptions in 2024, partially offset by lower operating expenses. Operating profit after tax (non-IFRS measure) increased by 17.0% on a CER basis from US\$127 million in 2022 to US\$151 million in 2023, primarily due to (i) increase in CSM amortisation, (ii) higher investment return from increased bond yields, and (iii) lower non-attributable expenses.

- *Japan:* Operating profit after tax (non-IFRS measure) increased by 29.3% on a CER basis from US\$164 million in 2023 to US\$193 million in 2024, primarily due to (i) improved claims experience, and (ii) higher CSM amortisation from the Athene Reinsurance transaction. Operating profit after tax (non-IFRS measure) decreased by 9.9% on a CER basis from US\$196 million in 2022 to US\$164 million in 2023, primarily due to the lower CSM release as a result of a lower CSM balance due to strengthening of operating assumptions.
- *Emerging Markets:* Operating profit after tax (non-IFRS measure) increased by 39.3% on a CER basis from US\$17 million in 2023 to US\$21 million in 2024. Operating profit after tax attributable to Equity Holders of the Company (non-IFRS measure) increased by 57.0% on a CER basis from US\$23 million in 2023 to US\$32 million in 2024. The increase is primarily due to (i) improving expense overrun in our Emerging Markets segment and (ii) an increase in the share of profit of BRI Life in 2024. Operating profit/(loss) after tax (non-IFRS measure) turned profitable from a loss of US\$4 million in 2022 to a profit of US\$17 million in 2023, primarily due to improving expense overrun in our Emerging Markets segment.
- *Corporate and Others:* Operating loss after tax (non-IFRS measure) decreased by 24.7% at US\$170 million and US\$128 million in 2023 and 2024, respectively. This is primarily due to (i) lower Group Office operating costs and (ii) higher interest income from increased cash holdings, owing to the timing differences in the refinancing of borrowings in 2024. Operating loss after tax (non-IFRS measure) increased from US\$129 million in 2022 to US\$170 million in 2023, primarily due to investments in resources and IT platforms to support growth in our underlying business and in digital platforms for better underwriting, claims and customer engagement experience.
- For a reconciliation of operating profit after tax (non-IFRS measure) to net profit/(loss) for the relevant periods in the consolidated income statements, see “– Components of our Results of Operations – Year Ended 31 December 2024 Compared to Year Ended 31 December 2023 – Net Profit/(Loss) and Operating Profit after Tax (non-IFRS measure)” and “– Components of Our Results of Operations – Year Ended 31 December 2023 Compared to Year Ended 31 December 2022 – Net Profit/(Loss) and Operating Profit after Tax (non-IFRS measure)”.

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Profitability – Net profit/(loss) and net profit/(loss) attributable to Equity Holders of the Company (non-IFRS measure)

In 2024, we recorded a net profit of US\$10 million, as compared to a net profit attributable to Equity Holders of the Company (non-IFRS measure) of US\$24 million, the difference being primarily due to the attribution of a portion of FWD Life Malaysia's net loss to the non-controlling interests.

In 2023, we recorded a net loss of US\$717 million and a net loss attributable to Equity Holders of the Company (non-IFRS measure) of US\$733 million, respectively. The net profit in 2024 compared to net loss in 2023 was mainly driven by (i) gains in the net investment result of US\$241 million in 2024 due to positive capital market movements, compared to losses in the net investment result of US\$632 million in 2023 due to adverse capital market movements, and investment losses on disposal of financial investments related to the Athene Reinsurance transaction in Japan, which accounted for US\$505 million of loss before tax in 2023, and (ii) improved expense discipline in 2024 resulting in a reduction in expenses. In 2022 we recorded a net loss and a net loss attributable to Equity Holders of the Company (non-IFRS measure) of US\$320 million, which was mainly driven by adverse capital market movements from declining equity markets across our major markets. The higher net loss in 2023 compared to 2022 was mainly due to the investment losses on disposal of financial investments related to the Athene Reinsurance transaction in Japan as previously mentioned.

Profitability – CSM balance

Our CSM balance, a profitability measure, increased by 6.1% on a CER basis from US\$5,046 million as of 31 December 2023 to US\$5,174 million as of 31 December 2024, mainly driven by the positive contribution from new business growth, partly offset by the strengthening of operating assumptions. Our CSM balance decreased by 4.2% on a CER basis from US\$5,400 million as of 31 December 2022 to US\$5,046 million as of 31 December 2023, mainly driven by (i) strengthening of operating assumptions, and (ii) higher expense attribution rate which results in more expenses being deferred to CSM. For discussion of the movement in our CSM balance, see “– Components of Our Results of Operations – Year Ended 31 December 2024 Compared to Year Ended 31 December 2023 – Analysis of CSM” and “– Components of Our Results of Operations – Year Ended 31 December 2023 Compared to Year Ended 31 December 2022 – Analysis of CSM.”

Growth – New business CSM

Our new business CSM decreased by 6.7% on a CER basis from US\$1,349 million in 2023 to US\$1,222 million in 2024. To facilitate a more meaningful comparison, we also present new business CSM on a like-for-like basis, which increased by 30.5% on a CER basis from US\$960 million in 2023 to US\$1,222 million in 2024, primarily due to (i) APE growth and (ii) improved expense discipline.

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Our new business CSM decreased by 6.3% on a CER basis from US\$1,409 million in 2022 to US\$1,349 million in 2023, driven by higher expense attribution assumptions.

The following table presents new business CSM and the growth rates (on a CER basis) for each of our reporting segments for the periods indicated:

	Year ended 31 December					
	2023			2023-2024		
	(like-for- like basis)			YoY (like-for- like basis)		
	2022	2023	2024	2023- 2022 YoY	2024- 2023 YoY	
<i>(US\$ millions, except for percentages)</i>						
Hong Kong (and Macau)	276	283	418	2.4%	47.6%	117.2%
Thailand (and Cambodia)	460	522	398	8.6%	(22.4)%	(6.6)%
Japan	326	270	192	(17.6)%	(23.3)%	20.9%
Emerging Markets	346	274	214	(22.8)%	(18.9)%	34.8%
Total new business CSM	1,409	1,349	1,222	(6.3)%	(6.7)%	30.5%

- Hong Kong (and Macau):** New business CSM increased by 47.6% on a CER basis from US\$283 million in 2023 to US\$418 million in 2024. On a like-for-like basis, new business CSM increased by 117.2% on a CER basis from US\$192 million in 2023 to US\$418 million in 2024, primarily due to (i) an increase in sales volume, (ii) product repricing and (iii) improved expense discipline. New business CSM increased by 2.4% on a CER basis from US\$276 million in 2022 to US\$283 million in 2023, primarily due to an increase in sales volume, partially offset by higher expense attribution assumption. Given ongoing industry discussions in Hong Kong regarding potential reforms of intermediary commissions, sales volumes could increase in the near term in anticipation of stricter new regulations, which may affect sales during the period shortly following the implementation of any such new regulations.
- Thailand (and Cambodia):** New business CSM decreased by 22.4% on a CER basis from US\$522 million in 2023 to US\$398 million in 2024. On a like-for-like basis, new business CSM decreased by 6.6% on a CER basis from US\$433 million in 2023 to US\$398 million in 2024, primarily due to lower sales volume. New business CSM increased by 8.6% on a CER basis from US\$460 million in 2022 to US\$522 million in 2023, primarily due to sales volume growth, partially offset by higher expense attribution assumption.
- Japan:** New business CSM decreased by 23.3% on a CER basis from US\$270 million in 2023 to US\$192 million in 2024. On a like-for-like basis, new business CSM increased by 20.9% on a CER basis from US\$171 million in 2023 to US\$192

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million in 2024, primarily due to (i) APE growth, (ii) higher margin on individual protection business and (iii) improved expense discipline. New business CSM decreased by 17.6% on a CER basis from US\$326 million in 2022 to US\$270 million in 2023, primarily due to lower sales volume.

- Emerging Markets: New business CSM decreased by 18.9% on a CER basis from US\$274 million in 2023 to US\$214 million in 2024. On a like-for-like basis, new business CSM increased by 34.8% on a CER basis from US\$164 million in 2023 to US\$214 million in 2024, primarily due to (i) sales volume growth and (ii) improved expense discipline. New business CSM decreased by 22.8% on a CER basis from US\$346 million in 2022 to US\$274 million in 2023, primarily due to (i) lower sales volume and (ii) higher expense attribution assumption.

For a discussion of the movement in our CSM balance, see “– Components of Our Results of Operations – Year Ended 31 December 2024 Compared to Year Ended 31 December 2023 – Analysis of CSM” and “– Components of Our Results of Operations – Year Ended 31 December 2023 Compared to Year Ended 31 December 2022 – Analysis of CSM.”

Growth – APE

Our APE, an operational performance measure, increased by 18.6% on a CER basis from US\$1,646 million in 2023 to US\$1,916 million in 2024. To facilitate a more meaningful comparison, we also present APE on a like-for-like basis, which increased by 20.9% on a CER basis from US\$1,616 million in 2023 to US\$1,916 million in 2024, primarily due to (i) an increase in both offshore sales and onshore sales in Hong Kong, and (ii) sales growth in Emerging Markets, primarily from the Philippines.

Our APE increased by 18.3% on a CER basis from US\$1,408 million in 2022 to US\$1,646 million in 2023, as a result of recovery of operations in Hong Kong (and Macau) from the impact of the COVID-19 pandemic as the Hong Kong-mainland China border reopened in early 2023, while APE in Japan continued to decrease from the scaled-back corporate-owned life insurance (“COLI”) business, and Emerging Markets was impacted by market disruption in Vietnam.

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The following table presents APE and the growth rates (on a CER basis) for each of our reporting segments for the periods indicated:

	Year ended 31 December				2023-2024			
			2023 (like-for- like basis)		2022- 2023 YoY	2023- 2024 YoY	YoY (like- for-like basis)	2022-2024 CAGR
	2022	2023		2024				
	(US\$ millions, except for percentages)							
Hong Kong (and Macau)	327	512	510	802	56.8%	56.4%	57.3%	56.6%
Onshore	243	242	239	376	(0.4)%	55.1%	57.0%	24.3%
Offshore	83	270	270	426	223.7%	57.6%	57.6%	125.9%
Thailand (and Cambodia)	485	619	609	577	26.9%	(5.3)%	(3.7)%	9.6%
SCB	350	444	444	418	26.6%	(4.1)%	(4.1)%	10.2%
Others	136	175	164	159	27.8%	(8.6)%	(2.6)%	8.1%
Japan	167	125	125	118	(19.3)%	2.3%	2.3%	(9.2)%
Individual protection	134	113	113	108	(9.8)%	3.6%	3.6%	(3.3)%
COLI	33	12	12	10	(59.9)%	(10.9)%	(10.9)%	(40.2)%
Emerging Markets	429	390	373	420	(7.7)%	10.9%	16.0%	1.4%
Total APE	1,408	1,646	1,616	1,916	18.3%	18.6%	20.9%	18.8%

- Hong Kong (and Macau):** APE increased by 56.4% on a CER basis from US\$512 million in 2023 to US\$802 million in 2024. On a like-for-like basis, APE increased by 57.3% on a CER basis from US\$510 million in 2023 to US\$802 million in 2024, primarily due to an increase in both offshore and onshore sales. APE increased by 56.8% on a CER basis from US\$327 million in 2022 to US\$512 million in 2023, primarily due to an increase in offshore sales from MCVs as the Hong Kong-mainland China border reopened.
- Thailand (and Cambodia):** APE decreased by 5.3% on a CER basis from US\$619 million in 2023 to US\$577 million in 2024. On a like-for-like basis, APE decreased by 3.7% on a CER basis from US\$609 million in 2023 to US\$577 million in 2024, primarily due to product mix strategy in SCB to focus on higher margin products and decline in volume of lower margin tranche products sold. Excluding sales of tranche products, APE increased by 3.9% on a CER basis over the same period. APE increased by 26.9% on a CER basis from US\$485 million in 2022 to US\$619 million in 2023, as we grew across all our key distribution channels.

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- *Japan:* APE increased by 2.3% on a CER basis in 2024 compared to 2023, both on an actual, as-reported basis and on a like-for-like basis, due to continued growth in individual protection business. APE decreased from US\$167 million in 2022 to US\$125 million in 2023, primarily impacted by scaling back of lower margin COLI business in favour of higher margin individual protection products.
- *Emerging Markets:* APE increased by 10.9% on a CER basis from US\$390 million in 2023 to US\$420 million in 2024. On a like-for-like basis, APE increased by 16.0% on a CER basis from US\$373 million in 2023 to US\$420 million in 2024, primarily due to (i) strong growth in the Philippines, coupled with (ii) steady growth in other countries under our Emerging Markets segment, but partially offset by the market disruption in Vietnam. Excluding Vietnam, APE increased by 24.6% on a CER basis over the same period on a like-for-like basis. APE decreased by 7.7% on a CER basis from US\$429 million in 2022 to US\$390 million in 2023, due to the market disruption in Vietnam, partially offset by steady growth in other countries under our Emerging Markets segment.

Growth – VNB

Our VNB, an actuarial performance measure, decreased by 14.0% on a CER basis from US\$991 million in 2023 to US\$834 million in 2024. To facilitate a more meaningful comparison, we also present VNB on a like-for-like basis, which increased by 13.5% on a CER basis from US\$749 million in 2023 to US\$834 million in 2024, primarily due to APE growth.

Our VNB increased by 21.9% on a CER basis from US\$823 million in 2022 to US\$991 million in 2023, primarily driven by APE growth, coupled with higher new business margin as a result of re-pricing and higher interest rates.

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The following table presents VNB and the growth rates (on a CER basis) for each of our reporting segments for the periods indicated:

	Year ended 31 December						
	2023 (like-for-like basis)				2022-2023 YoY	2023-2024 YoY	YoY (like-for-like basis)
	2022	2023		2024			
	(US\$ millions, except for percentages)						
Hong Kong (and Macau)	216	323	251	333	49.3%	3.0%	32.5%
Onshore	175	186	129	166	6.1%	(10.6)%	29.1%
Offshore	41	137	122	167	231.9%	21.3%	36.2%
Thailand (and Cambodia)	270	335	297	278	23.5%	(15.8)%	(5.1)%
SCB	199	231	212	228	15.5%	1.0%	9.9%
Others	71	104	85	49	45.4%	(52.6)%	(42.1)%
Japan	138	136	85	88	5.4%	(30.2)%	11.7%
Individual protection	121	132	81	85	16.6%	(30.3)%	13.1%
COLI	17	4	4	3	(74.2)%	(28.5)%	(20.0)%
Emerging Markets	198	197	116	136	0.3%	(28.8)%	20.4%
Total VNB	823	991	749	834	21.9%	(14.0)%	13.5%

- Hong Kong (and Macau):** VNB increased by 3.0% on a CER basis from US\$323 million in 2023 to US\$333 million in 2024. On a like-for-like basis, VNB increased by 32.5% on a CER basis from US\$251 million in 2023 to US\$333 million in 2024, primarily due to an increase in sales volume. VNB increased by 49.3% on a CER basis from US\$216 million in 2022 to US\$323 million in 2023, primarily driven by growth in new business sales from MCVs.
- Thailand (and Cambodia):** VNB decreased by 15.8% on a CER basis from US\$335 million in 2023 to US\$278 million in 2024, primarily due to the revisions and updates to our operating assumptions at the end of 2023. On a like-for-like basis, VNB decreased by 5.1% on a CER basis from US\$297 million in 2023 to US\$278 million in 2024, primarily due to lower sales volume, partially offset by improvements in VNB margin through our partnership with SCB. VNB increased by 23.5% on a CER basis from US\$270 million in 2022 to US\$335 million in 2023, due to top line growth rates as we continue to expand our reach in all key channels across Thailand. In particular, VNB from SCB grew by 15.5% on a CER basis from 2022 to 2023, benefiting from enhanced scale and distribution reach.
- Japan:** VNB decreased by 30.2% on a CER basis from US\$136 million in 2023 to US\$88 million in 2024, primarily due to the revisions and updates to our operating assumptions at the end of 2023. On a like-for-like basis, VNB increased by 11.7% on a CER basis from US\$85 million in 2023 to US\$88 million in 2024, primarily due to

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APE growth and higher margin on individual protection products. VNB increased by 5.4% on a CER basis from US\$138 million in 2022 to US\$136 million in 2023 due to increased sales of higher margin individual protection products.

- Emerging Markets:** VNB decreased by 28.8% on a CER basis from US\$197 million in 2023 to US\$136 million in 2024, primarily due to the revisions and updates to our operating assumptions at the end of 2023. On a like-for-like basis, VNB increased by 20.4% on a CER basis from US\$116 million in 2023 to US\$136 million in 2024, primarily due to (i) sales volume growth, and (ii) favourable change in product mix, driving increase in new business margin. Excluding Vietnam, VNB increased by 36.5% on a CER basis over the same period on a like-for-like basis. VNB slightly increased by 0.3% on a CER basis from US\$198 million in 2022 to US\$197 million in 2023. The lower rate of growth in 2023 was primarily due to lower new business sales impacted by market disruption in Vietnam, partially offset by product mix shifts toward higher margin products. Excluding Vietnam, VNB increased by 39.0% on a CER basis from 2022 to 2023.

Growth – TWPI (non-IFRS measure)

Our TWPI (non-IFRS measure) increased by 6.4% on a CER basis from US\$6,416 million in 2023 to US\$6,632 million in 2024, primarily driven by higher new business sales, but partially offset by (i) scaling back of COLI business in Japan, (ii) market disruption in Vietnam, and (iii) paid-up policies sold in prior years. Our TWPI (non-IFRS measure) increased by 4.2% on a CER basis from US\$6,295 million in 2022 to US\$6,416 million in 2023, primarily driven by higher new business sales, but partially offset by (i) the lower single premium sales in Hong Kong, (ii) scaling back of COLI business in Japan, and (iii) market disruption in Vietnam.

The following table presents TWPI (non-IFRS measure) and the growth rates (on a CER basis) for each of our reporting segments for the periods indicated:

	Year ended 31 December			2022- 2023	2023- 2024	2022- 2024
	2022	2023	2024	YoY	YoY	CAGR
	(US\$ millions, except for percentages)					
Hong Kong (and Macau)	1,664	1,708	2,106	2.7%	23.3%	12.5%
Thailand (and Cambodia)	2,166	2,390	2,468	9.9%	5.0%	7.4%
Japan	1,757	1,579	1,249	(2.9)%	(14.2)%	(8.7)%
Emerging Markets	708	739	809	6.4%	12.5%	9.6%
Total TWPI (non-IFRS measure)	6,295	6,416	6,632	4.2%	6.4%	5.4%

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- *Hong Kong (and Macau):* TWPI (non-IFRS measure) increased by 23.3% on a CER basis from US\$1,708 million in 2023 to US\$2,106 million in 2024, primarily due to increase in new business sales, partially offset by paid-up policies sold in prior years. TWPI (non-IFRS measure) increased by 2.7% on a CER basis from US\$1,664 million in 2022 to US\$1,708 million in 2023, primarily due to increase in new business sales, partially offset by decline in sales of single premium products.
- *Thailand (and Cambodia):* TWPI (non-IFRS measure) increased by 5.0% on a CER basis from US\$2,390 million in 2023 to US\$2,468 million in 2024, primarily driven by growth in in-force business. TWPI (non-IFRS measure) increased by 9.9% on a CER basis from US\$2,166 million in 2022 to US\$2,390 million in 2023, primarily driven by growth in in-force business and new business, partially offset by reduced sales in single premium products.
- *Japan:* TWPI (non-IFRS measure) decreased by 14.2% on a CER basis from US\$1,579 million in 2023 to US\$1,249 million in 2024 and by 2.9% on a CER basis from US\$1,757 million in 2022 to US\$1,579 million in 2023, primarily due to product mix strategy to focus on higher margin individual protection products.
- *Emerging Markets:* TWPI (non-IFRS measure) increased by 12.5% on a CER basis from US\$739 million in 2023 to US\$809 million in 2024, reflecting growth in both new and in-force business, partially offset by market disruption in Vietnam. TWPI (non-IFRS measure) increased by 6.4% on a CER basis from US\$708 million in 2022 to US\$739 million in 2023, reflecting (i) growth in in-force business, (ii) strong top line growth, and (iii) traction in acquired distribution channels, partially offset by market disruption in Vietnam in 2023.

Risk and Capital – Adjusted net UFSG

Our net UFSG, an actuarial performance measure, decreased from US\$785 million in 2023 to US\$709 million in 2024, due to the positive one-off impact in 2023 from the alignment of FWD Reinsurance's reserving basis with IFRS 17. Our net UFSG decreased from US\$1,589 million in 2022 to US\$785 million in 2023, due to the impact of US\$1,183 million from early adoption of Hong Kong RBC in 2022, partially offset by the positive impact from the change in FWD Reinsurance's reserving basis in 2023.

Our adjusted net UFSG increased from US\$786 million in 2023 to US\$839 million in 2024, primarily due to (i) our growth in in-force business and (ii) improved operating variance. Our adjusted net UFSG increased from US\$625 million in 2022 to US\$786 million in 2023, primarily due to (i) our growing in-force business, and (ii) the decrease in new business strain as we scale up our business.

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In 2024, net capital contributions from Hong Kong (and Macau), Thailand (and Cambodia) and Japan were US\$400 million, US\$97 million and US\$128 million, respectively, the majority of which were dividends received from the operating subsidiaries. Net capital contributions to our Emerging Markets were US\$36 million, which excludes US\$49 million for the subscription of additional interest in BRI Life and other adjustments.

In 2023, net capital contributions from Hong Kong (and Macau), Thailand (and Cambodia) and Japan were US\$181 million, US\$70 million and US\$73 million, respectively, the majority of which were dividends received from the operating entities. Net capital contributions to our Emerging Markets were US\$133 million, which excluded US\$51 million for the subscription of additional interest in BRI Life and other adjustments.

In 2022, total net capital contributions to our reporting segments were US\$164 million.

The following table presents our net UFSG and adjusted net UFSG for the periods indicated:

	Year ended 31 December		
	2022	2023	2024
	(US\$ millions)		
UFSG	1,753	790	722
Free surplus used to fund new business	(165)	(6)	(14)
Net UFSG	1,589	785	709
One-off opening adjustments and non-economic assumption changes	(1,159)	(156)	47
<i>of which the impact of HK RBC early adoption</i>	<i>(1,183)</i>	–	–
Expense variance	195	158	83
Adjusted net UFSG	625	786	839

Risk and Capital – Group LCSM tier 1 cover ratio (MCR basis)

Our group LCSM tier 1 cover ratio (MCR basis), introduced under the GWS framework, decreased from 336% in 2023 to 282% as of 31 December 2024, mainly driven by RBC adoption in Hong Kong for capital reporting under Bermuda basis, which was approved by the Bermuda Monetary Authority (“BMA”) on 20 February 2025. This streamlines our capital reporting, so that regulatory filings made under the RBC regime in Hong Kong would be considered acceptable by the BMA as the required regulatory filings in Bermuda, subject to any necessary supplementary information to be provided to the BMA. For illustrative purposes, our free surplus (MCR basis) increased by US\$148 million from US\$2,555 million

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(representing the difference between available capital of US\$3,617 million and required capital of US\$1,062 million) as of 30 September 2024 on the Bermuda reporting basis, to US\$2,703 million (representing the difference between available capital of US\$4,271 million and required capital of US\$1,569 million) as of 30 September 2024 on the new HK RBC reporting basis. From 31 December 2022 to 31 December 2023, our group LCSM tier 1 cover ratio (MCR basis), introduced under the GWS framework, increased from 327% in 2022 to 336% in 2023, mainly driven by in-force business free surplus generation, change in statutory reserving basis for FWD Reinsurance from an IFRS 4 basis to an IFRS 17 basis and the Athene Reinsurance transaction, partially offset by capital market and foreign exchange movements. For the change in statutory reserving basis under IFRS 17 for FWD Reinsurance, the Company was approved to adopt IFRS 17 fair value approach to reserves including holding 75% of the CSM, thereby recognising 25% of the CSM as available capital. This change unlocked reserving assumptions and resulted in a more economic and risk-aligned valuation basis, strengthening the Group LCSM Tier 1 position. See “– *Solvency and Capital*” for more details.

Risk and Capital – Group LCSM cover ratio (PCR basis)

Our group LCSM cover ratio (PCR basis), introduced under the GWS framework, decreased from 292% in 2023 to 260% as of 31 December 2024, mainly driven by RBC adoption in Hong Kong for capital reporting under Bermuda basis, which was approved by the BMA on 20 February 2025. This streamlines our capital reporting, so that regulatory filings made under the RBC regime in Hong Kong would be considered acceptable by the BMA as the required regulatory filings in Bermuda, subject to any necessary supplementary information to be provided to the BMA. For illustrative purposes, our free surplus (PCR basis) decreased by US\$23 million from US\$4,118 million (representing the difference between available capital of US\$6,174 million and required capital of US\$2,057 million) as of 30 September 2024 on the Bermuda reporting basis, to US\$4,095 million (representing the difference between available capital of US\$6,829 million and required capital of US\$2,734 million) as of 30 September 2024 on the new HK RBC reporting basis. From 31 December 2022 to 31 December 2023, our group LCSM cover ratio (PCR basis), introduced under the GWS framework, increased from 288% in 2022 to 292% in 2023.” See “– *Solvency and Capital*” for more details.

Risk and Capital – Leverage ratio (non-IFRS measure)

Our leverage ratio (non-IFRS measure) decreased from 27.2% as of 31 December 2023 to 25.5% as of 31 December 2024, primarily because the leverage ratio as at 31 December 2023 includes the US\$325 million medium-term notes due 2033 issued on 6 December 2023 (the “**2033 Notes**”) for the purpose of refinancing a portion of our indebtedness maturing in 2024.

Our leverage ratio (non-IFRS measure) increased from 23.6% as of 31 December 2022 to 27.2% as of 31 December 2023, primarily due (i) to the issuance of the 2033 Notes, and (ii) the decrease in adjusted total equity attributable to Shareholders of the Company (non-IFRS measure). Excluding the 2033 Notes, our leverage ratio (non-IFRS measure) would have been

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25.5% as of 31 December 2023. See “– Discussion of Major Items in the Consolidated Statements of Financial Position – Consolidated Statements of Financial Position as of 31 December 2024, 2023 and 2022 – Equity” for more details.

Value – Group EV

Our Group EV, an actuarial performance measure, declined from US\$5,682 million as of 31 December 2023 to US\$5,569 million as of 31 December 2024 primarily due to negative foreign exchange variance. Excluding the foreign exchange impact, our Group EV increased by 2.8% on a CER basis from 2023 to 2024. Further, to provide a more meaningful view of the change in our Group EV, excluding the impact from M&A, economic factors including foreign exchange and one-off opening adjustments (which primarily relate to expense provision true-ups), our Group EV increased by approximately 9% due to (i) growth in new business and in-force business, coupled with (ii) positive persistency and claims variance, partially offset by strengthening of operating assumptions. Our Group EV decreased by 4.2% on a CER basis from US\$6,066 million as of 31 December 2022 to US\$5,682 million as of 31 December 2023 primarily due to (i) operating variances, and (ii) strengthening of operating assumptions. See the Actuarial Consultant’s Report set forth in Appendix III for more details.

Value – Comprehensive tangible equity (non-IFRS measure)

Our comprehensive tangible equity (non-IFRS measure) increased by 4.2% on a CER basis from US\$7,172 million as of 31 December 2023 to US\$7,162 million as of 31 December 2024, driven by the contribution from new business, offset by the strengthening of operating assumptions. Our comprehensive tangible equity (non-IFRS measure) decreased by 11.9% on a CER basis from US\$8,331 million as of 31 December 2022 to US\$7,172 million as of 31 December 2023, primarily due to (i) net loss in 2023, and (ii) lower net CSM balance, driven by strengthening of operating assumptions and higher expense attribution rate.

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The following table presents our comprehensive tangible equity (non-IFRS measure) as of the dates indicated:

	As of 31 December		
	2022	2023	2024
	(US\$ millions)		
Adjusted total equity attributable to Shareholders of the Company (non-IFRS measure)	7,134	6,234	6,012
Net CSM balance	4,404	4,092	4,235
Comprehensive equity	11,538	10,326	10,247
Less: Intangible assets net of non-controlling interests	(3,207)	(3,154)	(3,085)
Comprehensive tangible equity (non-IFRS measure)	8,331	7,172	7,162

For discussion of the movement in our comprehensive tangible equity (non-IFRS measure), see “– Discussion of Major Items in the Consolidated Statements of Financial Position – Consolidated Statements of Financial Position as of 31 December 2024, 2023 and 2022 – Analysis of Comprehensive Tangible Equity (Non-IFRS Measure).”

Value – Return on tangible equity (non-IFRS measure)

Our return on tangible equity (non-IFRS measure) increased from 10.8% in 2023 to 15.4% in 2024. Our return on tangible equity (non-IFRS measure) remained stable at 10.8% in 2022 and 2023.

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COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth our consolidated income statement and statement of comprehensive income with selected items for the periods indicated:

	Year ended 31 December		
	2022	2023	2024
	<i>(US\$ millions)</i>		
Insurance revenue	2,408	2,756	2,724
Insurance service expenses	(1,817)	(1,989)	(2,012)
Net expenses from reinsurance contracts held	(146)	(88)	(42)
Insurance service result	445	679	670
Interest revenue	1,011	1,159	1,185
Other investment gains/(losses)	(999)	(791)	93
Net impairment loss on financial assets	(29)	(9)	(16)
Investment return	(17)	359	1,262
Net finance income/(expenses) from insurance contracts	86	(996)	(1,051)
Net finance income/(expenses) from reinsurance contracts held	(23)	1	31
Movement in investment contract liabilities	2	4	(1)
Net investment result	48	(632)	241
Net insurance and investment result	493	47	911
Other revenue	38	64	36
General and other expenses	(689)	(731)	(550)
Borrowings and other finance costs	(128)	(174)	(249)

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	Year ended 31 December		
	2022	2023	2024
	<i>(US\$ millions)</i>		
Profit/(Loss) before share of profit/(loss) from associates and joint ventures	(286)	(794)	148
Share of profit/(loss) from associates and joint ventures	2	(20)	36
Profit/(Loss) before tax	(284)	(814)	184
Tax benefit/(expense)	(36)	97	(174)
Net profit/(loss)	(320)	(717)	10
Attributable to:			
Equity Holders of the Company ⁽¹⁾	(320)	(733)	24
Non-controlling interests	–	16	(14)

Note:

- (1) See Note 6 to the Accountants' Report included in Appendix I for the definition of Equity Holders of the Company.

Year Ended 31 December 2024 Compared to Year Ended 31 December 2023

Insurance Service Result

Our insurance service result consists of insurance revenue, less insurance service expenses and net expenses from reinsurance contracts held. The following table provides a breakdown of our insurance service result for the periods indicated:

	Year ended 31 December	
	2023	2024
	<i>(US\$ millions)</i>	
Insurance revenue	2,756	2,724
Insurance service expenses	(1,989)	(2,012)
Net expenses from reinsurance contracts held	(88)	(42)
Insurance service result	679	670

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Our insurance service result decreased by 1.4% from US\$679 million in 2023 to US\$670 million in 2024.

- *Hong Kong (and Macau):* Our insurance service result increased by 7.3% from US\$292 million in 2023 to US\$313 million in 2024, primarily due to (i) new business growth, (ii) improved expense discipline and (iii) improved claims experience, partially offset by a one-off impact from the measurement model change to a reinsurance treaty in 2023. Given ongoing industry discussions in Hong Kong regarding potential reforms of intermediary commissions, we may experience increased new business growth in the near term in anticipation of stricter new regulations, which may affect sales during the period shortly following the implementation of any such new regulations.
- *Thailand (and Cambodia):* Our insurance service result increased by 30.7% from US\$136 million in 2023 to US\$177 million in 2024, mainly driven by (i) better claims variance and (ii) improved expense overruns.
- *Japan:* Our insurance service result decreased by 34.1% from US\$230 million in 2023 to US\$152 million in 2024, due to (i) a one-off gain in 2023 from the termination of a reinsurance contract issued, and (ii) decrease in foreign exchange translation from depreciation of the Japanese Yen against the US dollar, partially offset by (i) improved claims experience, and (ii) the CSM amortisation from the Athene Reinsurance transaction.
- *Emerging Markets:* Our insurance service result increased by 31.0% from US\$21 million in 2023 to US\$28 million in 2024, primarily due to improved expense overruns.

Investment Return

Our investment return consists of interest revenue and other investment gains/(losses), less net impairment loss on financial assets. The following table provides a breakdown of our investment return for the periods indicated:

	Year ended 31 December	
	2023	2024
	(US\$ millions)	
Interest revenue	1,159	1,185
Other investment gains/(losses)	(791)	93
Net impairment loss on financial assets	(9)	(16)
Investment return	359	1,262

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Our interest revenue remains stable, increasing from US\$1,159 million in 2023 to US\$1,185 million in 2024.

Our other investment gains/(losses) turned positive from losses of US\$791 million in 2023 to gains of US\$93 million in 2024. The gains in 2024 were mainly due to short term fluctuations in investment return for equities and investment funds. The losses in 2023 were mainly due to adverse capital market movements and the impact of the Athene Reinsurance transaction.

As a result of the foregoing, our investment return increased by 251.9% from US\$359 million in 2023 to US\$1,262 million in 2024.

Net Finance Income/(Expenses) from Insurance Contracts and Net Finance Income/(Expenses) from Reinsurance Contracts Held

Our net finance expenses from insurance contracts consist of unwinding of the discount rate and the effect of changes in financial risks on insurance contracts, while our net finance income/(expenses) from reinsurance contracts held consist of unwinding of the discount rate and the effect of changes in financial risks on reinsurance contracts.

Our net finance income/(expenses) from insurance contracts increased by 5.6% from US\$(996) million in 2023 to US\$(1,051) million in 2024. The negative effect of changes in financial risks on insurance contract liabilities reflected the investment return gains relating to VFA contracts in both periods.

Our net finance income/(expenses) from reinsurance contracts held increased from US\$1 million in 2023 to US\$31 million in 2024, mainly due to the impact of Athene Reinsurance transaction.

Net Investment Result

As a result of the foregoing, our net investment result turned positive from US\$(632) million in 2023 to US\$241 million 2024.

Other Revenue

Our other revenue mainly consists of asset management fee income, revenue from services not related to insurance activities and other one-off items. Our other revenue decreased by 44.4% from US\$64 million in 2023 to US\$36 million in 2024. This was mainly due to negative goodwill of US\$26 million being recognised for the acquisition of FWD Life Malaysia in 2023. See Note 5.1 to the Accountants' Report included in Appendix I for more information.

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Expenses

The following table provides a breakdown of our total expenses for the periods indicated. These expenses are allocated under the insurance service expenses, namely the insurance contracts fulfilment cash flows, as the costs are directly attributable to a portfolio of insurance contracts. General and other expenses represent the expenses that are not attributed to insurance service expenses and consist of non-operating expenses and the non-attributable allocation of the operating general and other operating expenses.

	Year ended 31 December	
	2023	2024
	(US\$ millions)	
Claims and benefits	867	895
Loss on onerous insurance contracts	93	32
Commission and other acquisition expenses	1,498	1,697
Employee benefits expenses	630	605
Depreciation	61	59
Amortisation	44	46
Marketing and advertising	69	52
Professional service fees	193	154
Information technology expenses	173	152
Investment management expenses	59	60
Others ⁽¹⁾	222	195
	3,909	3,947
Amounts attributed to insurance acquisition cash flows	(1,937)	(2,192)
Amortisation of insurance acquisition cash flows	748	807
Total	2,720	2,562
Represented by:		
Insurance service expenses	1,989	2,012
General and other expenses – operating	389	348
General and other expenses – non operating	342	202

Note:

- (1) Includes travel and entertainment, bank charges, office related expenses, other general operating expenses and impairment of intangible assets.

Our general and other expenses decreased by 24.7% from US\$731 million in 2023 to US\$550 million in 2024, mainly due to improved expense discipline and higher expenses attributed to insurance service expenses.

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Borrowings and other Finance Costs

Our borrowings and other finance costs consist of borrowings, lease liabilities and other finance costs. The following table provides a breakdown of borrowings and other finance costs for the periods indicated:

	Year ended 31 December	
	2023	2024
	(US\$ millions)	
Borrowings	145	225
Lease Liabilities	5	5
Others	24	19
Borrowings and other finance costs	174	249

Our borrowings and other finance costs increased by 43.1% from US\$174 million in 2023 to US\$249 million in 2024, mainly due to higher borrowings in 2024.

Share of Profit/(Loss) from Associates and Joint Ventures

Our interests in key associates and joint ventures mainly consist of BRI Life incorporated in Indonesia and CompareAsia Group Capital Limited (“**CompareAsia**”) incorporated in Cayman Islands. CompareAsia ceased to be an associate in October 2023 in connection with a business combination with a listed special purpose acquisition company. See Note 15 to the Accountants’ Report included in Appendix I for additional details regarding our investment in CompareAsia. The following table provides a breakdown of our share of profit/(loss) from associates and joint ventures for the periods indicated:

	Year ended 31 December	
	2023	2024
	(US\$ millions)	
Net loss from interests in associates and joint ventures	(23)	–
Net profits from interests in associates and joint ventures	3	36
Share of profit/(loss) from associates and joint ventures	(20)	36

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Our share of profit/(loss) from associates and joint ventures turned positive from US\$(20) million in 2023 to US\$36 million in 2024, due to our increase in shareholding and the increase in profitability of BRI Life in 2024, which resulted in an increase our share of profit.

Tax Benefit/(Expense)

We are subject to income tax on an entity basis on profits arising in or derived from the markets or jurisdictions in which we operate. In 2023 and 2024, we were subject to statutory corporate income tax rates of 16.5%, 20.0% and 28.0% in relation to our operations in Hong Kong, Thailand and Japan, respectively. In the other jurisdictions in which we operate, we were subject to average corporate income tax rates ranging from 12.0% (Macau) to 25.0% (the Philippines) during those periods. Specifically, new subsidiaries of varying sizes and applicable statutory tax rates have been added to our Group in different countries across each reporting period. We recorded a tax benefit of US\$97 million in 2023 and a tax expense of US\$174 million in 2024. Additionally, as we operate across relatively more mature markets and emerging markets, our consolidated results in 2023 and 2024 comprised both profit-making and loss-making entities, which results in offsetting effects that impacted our combined effective tax rates during the reporting periods. Our annual average tax rate has changed year over year as taxes are determined at the individual country level and then aggregated and as a result, as our geographic mix changes, the overall tax rate also changes.

The table below reflects the principal rates of corporate income tax as the end of each period. The rates reflect enacted or substantively enacted corporate tax rates throughout the period in each jurisdiction:

	Year ended 31 December	
	2023	2024
Hong Kong	16.5%	16.5%
Thailand	20%	20%
Japan	28%	28%
Others	12%-25%	12%-25%

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Net Profit/(Loss) and Operating Profit after Tax (non-IFRS measure)

As a result of the foregoing, we recorded a net loss of US\$717 million in 2023 and a net profit of US\$10 million in 2024. The following table presents a breakdown of our net profit/(loss) for the periods indicated:

	Year ended 31 December	
	2023	2024
	(US\$ millions)	
Net profit/(loss)	(717)	10
Attributable to:		
Equity Holders of the Company ⁽¹⁾	(733)	24
Non-controlling interests	16	(14)

Note:

- (1) See Note 6 to the Accountants' Report included in Appendix I for the definition of Equity Holders of the Company.

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The following table presents our operating profit after tax (non-IFRS measure) as reconciled with net profit/(loss) for the relevant periods indicated:

	Year ended 31 December	
	2023	2024
	<i>(US\$ millions)</i>	
Net profit/(loss) after tax	(717)	10
Tax on operating profit before tax	140	139
Tax impact from non-operating items	(237)	35
Profit/(Loss) before tax	(814)	184
Non-operating items, net of related changes in insurance and investment contract liabilities:		
<i>Market related:</i>		
Short-term fluctuations in investment return related to equities, interests in investment funds and investment property	198	38
Loss component on onerous contracts	39	(89)
Other non-operating investment return ⁽¹⁾	740	40
<i>Non-market related:</i>		
Finance costs related to borrowings and long-term payables ⁽²⁾	147	227
M&A, business set up and restructuring related costs	71	71
IPO related costs including incentive costs	63	11
Implementation costs for IFRS 9 and 17 and GWS	65	36
Other non-operating items	3	73
Operating profit before tax (non-IFRS measure)	512	591
Tax on operating profit before tax	(140)	(139)
Operating profit after tax (non-IFRS measure)	372	452
Attributable to:		
Equity Holders of the Company ⁽³⁾	378	463
Non-controlling interests	(6)	(11)

Notes:

- (1) Mainly comprises realised gains/losses on the disposal of debt securities, foreign exchange gains/losses, and gains/losses on fair value movements of derivatives.
- (2) See Note 6.1 to the Accountants' Report included in Appendix I for reconciliation of operating and non-operating finance costs.
- (3) See Note 6 to the Accountants' Report included in Appendix I for the definition of Equity Holders of the Company.

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Discussion of Operating Profit

	Year ended 31 December		CER %/ change
	2023	2024	
	<i>(US\$ millions, except for percentages)</i>		
CSM release	608	588	(0.8)%
Operating variances	(22)	38	N/A
Risk adjustment release	55	64	19.7%
Others	(57)	(116)	106.6%
Net insurance service result	584	574	1.0%
Investment return	1,724	1,889	11.1%
Net finance expenses	(1,416)	(1,570)	11.7%
Net investment result	308	319	8.4%
Operating profit before tax (pre-corporate overheads)	892	893	3.5%
Other revenue	31	35	14.8%
Non-attributable expenses – Group Office	(172)	(152)	(11.5)%
Non-attributable expenses – Business Units	(217)	(196)	(6.5)%
Borrowings and other finance costs	(27)	(22)	(17.5)%
Share of profit from associates and joint ventures	5	33	560.0%
Operating profit before tax (non-IFRS measure)	512	591	20.6%
Operating tax	(140)	(139)	N/A
Operating profit after tax (non-IFRS measure)	372	452	27.3%
Attributable to:			
Equity Holders of the Company ⁽¹⁾	378	463	28.3%
Non-controlling interests	(6)	(11)	N/A
Post-tax operating margin ⁽²⁾ (%)	5.9%	7.0%	1.2%
CSM amortisation rate ⁽³⁾ (%)	10.5%	9.9%	N/A

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Notes:

- (1) See Note 6 to the Accountants' Report included in Appendix I for the definition of Equity Holders of the Company.
- (2) Operating profit after tax (non-IFRS measure) divided by total weighted premium income.
- (3) CSM amortisation divided by closing balance of CSM (excluding CSM amortisation and foreign exchange movement).

There are three major components of operating profit: net insurance service result, net investment result, and other revenue and expenses.

Net Insurance Service Result

CSM release is the key driver of operating profit, and the CSM balance forms part of insurance contract liabilities alongside the best estimate liabilities, with a risk adjustment for non-financial risks. The calculation of each component of the insurance contract liabilities involves discounting, based on current risk-free rates and an illiquidity premium depending on product type.

CSM release is the largest contributor to our operating profit, with US\$588 million CSM release in 2024. CSM amortisation rate, which represents CSM amortisation divided by closing balance of CSM (excluding CSM amortisation and foreign exchange movement), was 9.9% in 2024, compared to 10.5% in 2023. CSM release decreased by 0.8% on a CER basis in 2024 from 2023.

Net insurance service result increased by 1.0% on a CER basis from US\$584 million in 2023 to US\$574 million in 2024, mainly driven by (i) higher new business CSM, (ii) improved claims experience, (iii) improved expense discipline, and (iv) higher CSM amortisation from the Athene Reinsurance transaction, partially offset by a one-off impact from the measurement model change to a reinsurance treaty in 2023. Net insurance service result contributed to 64.3% and 65.5% of our operating profit before tax (pre-corporate overheads) in 2024 and 2023, respectively, highlighting the quality of our business and strong execution of our protection focused strategy.

Net Investment Result

The net investment result, relating mostly to non-participating business and the return on surplus assets, increased by 8.4% on a CER basis from US\$308 million in 2023 to US\$319 million in 2024.

Total investment return of US\$1,889 million in 2024 equates to a 3.2% average return on assets backing our non-participating business and surplus assets, which stood at US\$26.9 billion as of 31 December 2024. Fixed income and cash account for more than 83% of the invested assets, with an average book yield of 3.1%.

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The investment return is partially offset by US\$1,570 million of insurance finance expenses in 2024, which represents (i) the unwind of the discount rate, and (ii) the effect of changes in financial risks on insurance contracts.

Other Revenue and Expenses

Other revenue and expenses are mainly composed of overhead expenses in Business Units and the Group Office that are not directly attributable to the insurance service result. Group Office costs decreased by 11.5% on a CER basis from US\$172 million in 2023 to US\$152 million in 2024 due to improved expense discipline. Non-attributable expenses of our operating entities reduced by 6.5% on a CER basis from US\$217 million in 2023 to US\$196 million in 2024 due to (i) strong cost control, and (ii) change in the attribution rate. In addition, we recorded finance costs of US\$22 million in 2024 on leases, repurchase agreements and coinsurance contracts.

Analysis of CSM

CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit that the Group will recognise as it provides insurance contract services under its insurance contracts. CSM represents the stock of future profits that are yet to be earned on our in-force business and will release over time into operating profit and net profit. Our CSM balance has built up over time through the addition of successive cohorts of profitable new business over many years, with a cumulative discounted value of expected future profits of US\$5.2 billion as of 31 December 2024.

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The following table provides a breakdown of our CSM balance and net CSM balance for the periods indicated:

	Year ended 31 December	
	2023	2024
	<i>(US\$ millions)</i>	
Opening CSM balance	5,400	5,046
New business CSM ⁽¹⁾	1,742	1,171
Interest accretion	48	58
Operating variances and assumption changes	(1,759)	(465)
CSM release	(608)	(588)
Operating change in CSM	(577)	176
Economic variances and assumption changes	506	85
Foreign exchange	(150)	(174)
Others	(133)	41
Closing CSM balance	5,046	5,174
Net CSM balance	4,092	4,235

Note:

- (1) New business CSM is the IFRS new business CSM figure, which includes the impact of the Athene Reinsurance transaction, and excludes the impact of the Group's investment in BRI Life, which is accounted for as an investment in associate under IFRS. For avoidance of doubt, the new business CSM is presented on an actual, as-reported basis.

Our CSM balance as of 31 December 2023 was US\$5,046 million. New business CSM contributed US\$1,171 million in 2024, with a further US\$58 million coming from the expected return on the in-force CSM as it unwinds by one year. In 2024, our operating variances and assumption changes of US\$(465) million related largely to strengthening of operating assumptions of US\$(475) million, partially offset by operating variance of US\$10 million that is mainly contributed by favourable persistency variance. For the six months ended 30 June 2024, we recorded operating assumption changes of US\$(385) million. Lastly, US\$588 million of CSM was released into the insurance service result. Our operating change in CSM was US\$176 million in 2024 mainly due to new business, partially offset by the impact of the operating assumption changes.

Our CSM balance as of 31 December 2022 was US\$5,400 million. New business CSM contributed US\$1,742 million (with the impact of the Athene Reinsurance transaction contributing US\$440 million) in 2023, with a further US\$48 million coming from the expected return on the in-force CSM as it unwinds by one year. In 2023, our operating

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variances and assumption changes of US\$(1,759) million related largely to strengthening of operating assumptions of US\$(1,401) million and operating variances of US\$(358) million. Lastly, US\$608 million of CSM was released into the insurance service result. Due to the impact of the operating variances, our operating change in CSM decreased by US\$577 million in 2023.

Economic Variances and Assumption Changes

Economic variances and assumption changes include the change in fair value of underlying assets and insurance contracts liabilities due to equity market and interest rate movements. Our economic variances and assumption changes decreased from US\$506 million in 2023 to US\$85 million in 2024, mainly due to the decrease in US and Hong Kong dollars illiquidity premium in 2024.

Foreign Exchange

Our foreign exchange movements consist of the foreign exchange movements when translating the CSM balance of operating entities to the US dollar. Due to further depreciation in the Japanese Yen against the US dollar, the foreign exchange impact increased from US\$(150) million in 2023 to US\$(174) million in 2024.

Others

Our others category consists of impact of model change and changes in loss component on onerous contracts. Our others category turned positive from US\$(133) million in 2023 to US\$41 million in 2024, mainly due to model changes in 2023.

Given our high rates of new business CSM relative to the CSM balance (representing 23% in 2024), our CSM balance, on an operating basis (before market and foreign exchange movements), grew from US\$5,046 million in 2023 and to US\$5,222 million in 2024, demonstrating the strong growth and quality of our business.

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Year Ended 31 December 2023 Compared to Year Ended 31 December 2022

Insurance Service Result

The following table provides a breakdown of our insurance service result for the periods indicated:

	Year ended 31 December	
	2022	2023
	(US\$ millions)	
Insurance revenue	2,408	2,756
Insurance service expenses	(1,817)	(1,989)
Net expenses from reinsurance contracts held	(146)	(88)
Insurance service result	445	679

Our insurance service result increased by 52.6% from US\$445 million in 2022 to US\$679 million in 2023.

- *Hong Kong (and Macau):* Our insurance service result increased by 322.4% from US\$69 million in 2022 to US\$292 million in 2023, primarily as a result of loss component on onerous contracts recognised in 2022 due to short-term fluctuations in investment return, which was partially reversed in 2023 due to improved market conditions.
- *Thailand (and Cambodia):* Our insurance service result decreased by 18.6% from US\$167 million in 2022 to US\$136 million in 2023, mainly driven by lower CSM release as a result of a lower CSM balance due to strengthening of operating assumptions.
- *Japan:* Our insurance service result increased by 36.3% from US\$169 million in 2022 to US\$230 million in 2023, due to one-off gain from the termination of a reinsurance contract issued, partially offset by the lower CSM release as a result of a lower CSM balance due to strengthening of operating assumptions.
- *Emerging Markets:* Our insurance service result decreased by 48.1% from US\$40 million in 2022 to US\$21 million in 2023, primarily due to strengthening of operating assumptions.

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Investment Return

The following table provides a breakdown of our investment return for the periods indicated:

	Year ended 31 December	
	2022	2023
	(US\$ millions)	
Interest revenue	1,011	1,159
Other investment losses	(999)	(791)
Net impairment loss on financial assets	(29)	(9)
Investment return	(17)	359

Our interest revenue increased by 14.7% from US\$1,011 million in 2022 to US\$1,159 million in 2023 due to reinvestment at higher market yields throughout 2023.

Our other investment losses decreased by 20.7% from loss of US\$999 million to US\$791 million in 2023. The other investment losses in 2022 were mainly driven by adverse capital market movements from declining equity markets across our major markets, whereas the other investment losses in 2023 were mainly due to adverse capital market movements and the impact of the Athene Reinsurance transaction.

As a result of the foregoing, our investment return increased from US\$(17) million in 2022 to US\$359 million in 2023.

Net Finance Income/(Expenses) from Insurance Contracts and Net Finance Income/(Expenses) from Reinsurance Contracts Held

Our net finance income/(expenses) from insurance contracts decreased from US\$86 million in 2022 to US\$(996) million in 2023. In 2023, the negative effect of changes in financial risks on insurance contract liabilities reflected the investment return gains relating to VFA contracts, whereas in 2022 the positive effect of changes in financial risks on insurance contract liabilities reflected the investment return losses relating to VFA contracts.

Our net finance income/(expenses) from reinsurance contracts held increased from US\$(23) million in 2022 to US\$1 million in 2023, due to the unwinding of discount rate on the Athene Reinsurance transaction in 2023.

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Net Investment Result

As a result of the foregoing, our net investment result decreased from US\$48 million in 2022 to US\$(632) million in 2023, mainly due to the investment losses on disposal of financial investments related to the Athene Reinsurance transaction.

Other Revenue

Our other revenue increased by 69.1% from US\$38 million in 2022 to US\$64 million in 2023, mainly driven by the negative goodwill of US\$26 million recognised for the acquisition of FWD Life Malaysia. See Note 5.1 to the Accountants' Report included in Appendix I for more information.

Expenses

The following table provides a breakdown of our total expenses for the periods indicated:

	Year ended 31 December	
	2022	2023
	<i>(US\$ millions)</i>	
Claims and benefits	861	867
Loss on onerous insurance contracts	118	93
Commission and other acquisition expenses	1,280	1,498
Employee benefits expenses	605	630
Depreciation	63	61
Amortisation	32	44
Marketing and advertising	51	69
Professional service fees	189	193
Information technology expenses	147	173
Investment management expenses	69	59
Others ⁽¹⁾	128	222
	3,543	3,909
Amounts attributed to insurance acquisition cash flows	(1,605)	(1,937)
Amortisation of insurance acquisition cash flows	568	748
Total	2,506	2,720
Represented by:		
Insurance service expenses	1,817	1,989
General and other expenses – operating	414	389
General and other expenses – non operating	275	342

Note:

- (1) Includes travel and entertainment, bank charges, office related expenses, other general operating expenses and impairment of intangible assets.

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Our general and other expenses increased by 6.1% from US\$689 million in 2022 to US\$731 million in 2023, mainly due to impairment of distribution rights in 2023 (see Note 9 to the Accountants' Report included in Appendix I), partially offset by higher expenses attributed to insurance service expenses in 2023.

Borrowings and other Finance Costs

The following table provides a breakdown of borrowings and other finance costs for the periods indicated:

	Year ended 31 December	
	2022	2023
	(US\$ millions)	
Borrowings	103	145
Lease Liabilities	4	5
Others	21	24
Borrowings and other finance costs	128	174

Our borrowings and other finance costs increased by 36.5% from US\$128 million in 2022 to US\$174 million in 2023, mainly due to increases in reference rates for borrowings in 2023.

Share of Profit/(loss) from Associates and Joint Ventures

The following table provides a breakdown of our share of profit from associates and joint ventures for the periods indicated:

	Year ended 31 December	
	2022	2023
	(US\$ millions)	
Net loss from interests in associates and joint ventures	(9)	(23)
Net profits from interests in associates and joint ventures	11	3
Share of profit/(loss) from associates and joint ventures	2	(20)

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Our share of profit/(loss) from associates and joint ventures decreased from US\$2 million in 2022 to US\$(20) million in 2023, due to the decrease in share of profit from BRI Life in 2023 and the increase in share of loss from CompareAsia.

Tax Benefit/(Expense)

In 2022 and 2023, we were subject to statutory corporate income tax rates of 16.5%, 20.0% and 28.0% in relation to our operations in Hong Kong, Thailand and Japan, respectively. In the other jurisdictions in which we operate, we were subject to average corporate income tax rates ranging from 12.0% (Macau) to 25.0% (the Philippines) during those periods. Specifically, new subsidiaries of varying sizes and applicable statutory tax rates have been added to our Group in different countries across each reporting period. We recorded a tax expense of US\$36 million and a tax benefit of US\$97 million in 2022 and 2023, respectively. Additionally, as we operate across relatively more mature markets and emerging markets, our consolidated results in 2022 and 2023 comprised both profit-making and loss-making entities, which results in offsetting effects that impacted our combined effective tax rates during the reporting periods.

The table below reflects the principal rates of corporate income tax as of the end of each year. The rates reflect enacted or substantively enacted corporate tax rates throughout the year in each jurisdiction:

	Year ended 31 December	
	2022	2023
Hong Kong	16.5%	16.5%
Thailand	20%	20%
Japan	28%	28%
Others	12%-25%	12%-25%

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Net Profit/(Loss) and Operating Profit after Tax (non-IFRS measure)

As a result of the foregoing, we recorded a net loss of US\$320 million in 2022 and a net loss of US\$717 million in 2023. The following table presents a breakdown of our net profit/(loss) for the periods indicated:

	Year ended 31 December	
	2022	2023
	<i>(US\$ millions)</i>	
Net loss	(320)	(717)
Attributable to:		
Equity Holders of the Company ⁽¹⁾	(320)	(733)
Non-controlling interests	–	16

Note:

- (1) See Note 6 to the Accountants' Report included in Appendix I for the definition of Equity Holders of the Company.

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The following table presents our operating profit after tax (non-IFRS measure) as reconciled with net loss for the relevant periods indicated:

	Year ended 31 December	
	2022	2023
	<i>(US\$ millions)</i>	
Net loss after tax	(320)	(717)
Tax on operating profit before tax	94	140
Tax impact from non-operating items	(58)	(237)
Loss before tax	(284)	(814)
Non-operating items, net of related changes in insurance and investment contract liabilities:		
<i>Market related:</i>		
Short-term fluctuations in investment return related to equities, interests in investment funds and investment property	187	198
Loss component on onerous contracts	99	39
Other non-operating investment return ⁽¹⁾	10	740
<i>Non-market related:</i>		
Finance costs related to borrowings and long-term payables ⁽²⁾	109	147
M&A, business set up and restructuring related costs	88	71
IPO related costs including incentive costs	73	63
Implementation costs for IFRS 9 and 17 and GWS	79	65
Other non-operating items	32	3
Operating profit before tax (non-IFRS measure)	393	512
Tax on operating profit before tax	(94)	(140)
Operating profit after tax (non-IFRS measure)	<u>299</u>	<u>372</u>
Attributable to:		
Equity Holders of the Company ⁽³⁾	299	378
Non-controlling interests	–	(6)

Notes:

- (1) Mainly comprises realised gains/losses on the disposal of debt securities, foreign exchange gains/losses, and gains/losses on fair value movements of derivatives.
- (2) See Note 6.1 to the Accountants' Report included in Appendix I for reconciliation of operating and non-operating finance costs.
- (3) See Note 6 to the Accountants' Report included in Appendix I for the definition of Equity Holders of the Company.

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Discussion of Operating Profit

	Year ended 31 December		CER %/ change
	2022	2023	
	(US\$ millions, except for percentages)		
CSM release	531	608	16.8%
Operating variances	(18)	(22)	(32.7)%
Risk adjustment release	49	55	13.9%
Others	(27)	(57)	(121.6)%
Net insurance service result	535	584	10.8%
Investment return	1,074	1,724	60.7%
Net finance expenses	(828)	(1,416)	(71.3)%
Net investment result	245	308	25.0%
Operating profit before tax (pre-corporate overheads)	781	892	15.3%
Other revenue	35	31	(7.7)%
Non-attributable expenses – Group Office	(116)	(172)	(48.1)%
Non-attributable expenses – Business Units	(298)	(217)	26.5%
Finance costs	(19)	(27)	(50.8)%
Associates and joint ventures	10	5	(50.0)%
Operating profit before tax	393	512	31.8%
Operating tax	(94)	(140)	N/A
Operating profit after tax (non-IFRS measure)	299	372	26.8%
Attributable to:			
Equity Holders of the Company ⁽¹⁾	299	378	28.7%
Non-controlling interests	–	(6)	N/A
Post-tax operating margin ⁽²⁾ (%)	4.7%	5.9%	N/A
CSM amortisation rate ⁽³⁾ (%)	8.6%	10.5%	N/A

Notes:

- (1) See Note 6 to the Accountants' Report included in Appendix I for the definition of Equity Holders of the Company.
- (2) Operating profit after tax (non-IFRS measure) divided by total weighted premium income.
- (3) CSM amortisation divided by closing balance of CSM (excluding CSM amortisation and foreign exchange movement).

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Net Insurance Service Result

CSM release is the largest contributor to our operating profit, with US\$608 million CSM release in 2023. CSM amortisation rate, which represents CSM amortisation divided by closing balance of CSM (excluding CSM amortisation and foreign exchange movement), was 10.5% in 2023, compared to 8.6% in 2022. CSM release grew 16.8% on a CER basis in 2023 from 2022 mainly due to the higher CSM amortisation rate because of strengthening of operating assumptions. CSM amortisation rate excluding the impact of persistency assumption changes in 2023 and one-off items was 9.5% in 2023, which is largely in line with 9.3% in 2022.

Net insurance service result grew 10.8% on a CER basis from US\$535 million in 2022 to US\$584 million in 2023, mainly driven by the growth in the CSM release and improvement in claims experience. Net insurance service result contributed to 65.5% and 68.5% of our operating profit before tax (pre-corporate overheads) in 2023 and 2022, respectively, highlighting the quality of our business and strong execution of our protection focused strategy.

Net Investment Result

The net investment result, relating mostly to non-participating business and the return on surplus assets, increased by 25.0% on a CER basis from US\$245 million in 2022 to US\$308 million in 2023 mainly due to business growth and higher market returns.

Total investment return of US\$1,724 million in 2023 equates to a 3.3% average return on assets backing our non-participating business and surplus assets, which stood at US\$27.7 billion as of 31 December 2023. Fixed income and cash, which account for more than 75.5% of the invested assets, at an average book yield of 3.0%.

The investment return is partially offset by US\$1,416 million of insurance finance expenses in 2023, which represents (i) the unwind of the discount rate, and (ii) the effect of changes in financial risks on insurance contracts.

Other Revenue and Expenses

Group Office costs increased by 48.1% on a CER basis from US\$116 million in 2022 to US\$172 million in 2023 due to investment in resources and IT platforms to support the growth of our business and digital platform for better underwriting, claims and customer engagement experience. Non-attributable expenses of our operating entities reduced by 26.5% on a CER basis from US\$298 million in 2022 to US\$217 million in 2023 due to (i) strong cost control, and (ii) change in the attribution rate. In addition, we recorded finance costs of US\$27 million in 2023 on leases, repurchase agreements and coinsurance contracts.

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Analysis of CSM

The following table provides a breakdown of our CSM balance and net CSM balance for the periods indicated:

	Year ended 31 December	
	2022	2023
	(US\$ millions)	
Opening CSM balance	5,015	5,400
New business CSM ⁽¹⁾	1,362	1,742
Interest accretion	21	48
Operating variances and assumption changes	62	(1,759)
CSM release	(531)	(608)
Operating change in CSM	915	(577)
Economic variances and assumption changes	(556)	506
Foreign exchange	(240)	(150)
Others	267	(133)
Closing CSM balance	5,400	5,046
Net CSM balance	4,404	4,092

Note:

- (1) New business CSM is the IFRS new business CSM figure, which includes the impact of the Athene Reinsurance transaction, and excludes the impact of the Group's investment in BRI Life, which is accounted for as an investment in associate under IFRS.

Our CSM balance as of 31 December 2022 was US\$5,400 million. New business CSM contributed US\$1,742 million (with the impact of the Athene Reinsurance transaction contributing US\$440 million) in 2023, with a further US\$48 million coming from the expected return on the in-force CSM as it unwinds by one year. Operating variances and assumption changes of US\$(1,759) million related largely to strengthening of operating assumptions and higher expense attribution rate. Lastly, US\$608 million of CSM was released into the insurance service result. Due to the impact of the operating variances, our operating change in CSM decreased by US\$577 million in 2023.

Our CSM balance as of 31 December 2021 was US\$5,015 million, with new business CSM contributing US\$1,362 million in 2022 and a further US\$21 million coming from the expected return on the in-force CSM as it unwinds by one year. Operating variances of

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US\$62 million related largely to operating assumptions changes. Lastly, US\$531 million of CSM was released into the insurance service result. Driven by our continued delivery of growth in high-quality new business, our operating change in CSM increased by US\$915 million in 2022.

Economic Variances and Assumption Changes

Our economic variances and assumption changes increased from US\$(556) million in 2022 to US\$506 million in 2023, mainly due to (i) more favourable equity market performance, and (ii) interest rates remaining relatively stable compared to 2022.

Foreign Exchange

Due to less depreciation in Japanese Yen against the US dollar in 2023, our foreign exchange movements decreased from US\$(240) million to US\$(150) million in 2023.

Others

Our others category decreased from US\$267 million to US\$(133) million in 2023, mainly due to model changes in 2023.

Given our high rates of new business CSM relative to the CSM balance (representing 25% in 2022 and 35% in 2023, respectively), our CSM balance grew 18.2% in 2022 on an operating basis (before market and foreign exchange movements), demonstrating the strong growth and quality of our business. This growth was lower in 2023 due to adverse operating variances and assumption changes (21.9% excluding operating variances and assumption changes).

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DISCUSSION OF MAJOR ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Consolidated Statements of Financial Position as of 31 December 2024, 2023 and 2022

Assets

As of 31 December 2024, 2023 and 2022, our total assets were US\$53,712 million, US\$52,674 million and US\$50,590 million, respectively. The following table sets forth the principal components of our assets as of the dates indicated:

	As of 31 December		
	2022	2023	2024
	(US\$ millions)		
Intangible assets	3,207	3,154	3,085
Insurance contract assets	722	798	683
Reinsurance contract assets	725	2,876	2,696
Cash and cash equivalents	1,474	2,008	1,687
Total assets other than financial investments	8,159	11,119	10,043
Financial investments:			
At fair value through other comprehensive income debt securities	30,815	29,029	31,408
At fair value through profit or loss			
Debt securities	1,810	1,970	1,750
Equity securities	381	675	221
Interests in investment funds	7,576	8,667	9,103
Derivative financial instruments	319	218	285
Loans and deposits	1,530	996	902
Total financial investments	42,431	41,555	43,669
Total assets	50,590	52,674	53,712

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Intangible Assets

Intangible assets consist of goodwill, distribution rights, computer software and other intangible assets.

	As of 31 December		
	2022	2023	2024
	(US\$ millions)		
Intangible assets			
Goodwill	1,529	1,535	1,507
Distribution rights	1,543	1,473	1,439
Computer software and others	135	146	139
Total intangible assets	3,207	3,154	3,085

Our intangible assets decreased by 2.2% from US\$3,154 million as of 31 December 2023 to US\$3,085 million as of 31 December 2024, mainly due to (i) amortisation, (ii) impairment in 2024 and (iii) foreign exchange movements from the strengthening of the US dollar.

Our intangible assets decreased by 1.7% from US\$3,207 million as of 31 December 2022 to US\$3,154 million as of 31 December 2023, mainly due to (i) amortisation, and (ii) impairment in 2023, partially offset by additions to distribution rights and computer software.

Goodwill is tested for impairment annually by comparing the carrying amount of the cash generating unit (“CGU”), including goodwill, to the recoverable amount of that CGU. The recoverable amount is the value in use of the CGU. The value in use is calculated as an actuarially determined appraisal value, based on (i) the Embedded Value with respect to the in-force business together with (ii) the value of future new business. The key assumptions used in the embedded value calculations include risk discount rate, investment returns, mortality, morbidity, persistency, expenses and inflation, which are aligned to those assumptions detailed in the Actuarial Consultant’s Report set forth in Appendix III. The present value of expected future new business is calculated based on a combination of indicators which reflect management’s best estimate of future profit based on historical experience and operating assumptions such as premium and expenses taking into account, among others, recent production mix, business strategy, market trends and risk associated with the future new business projections. Best estimate assumption reflects estimates around economic environment, business plans with distribution partners, and the prevailing business environment and regulatory requirements. An impairment of US\$21 million was recognised for Indonesia in 2024. No impairment on goodwill was recognised in 2022 and 2023. See Note 14 to the Accountants’ Report included in Appendix I to this prospectus.

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The headroom of each CGU (i.e., by how much the recoverable amount would exceed the carrying amount of the CGU when the key assumptions have been applied in the impairment testing) as of 31 December 2024 is summarised in the following table.

	% of headroom over the carrying amount of the CGU
	2024
Hong Kong (and Macau)	Over 100
Thailand (and Cambodia)	50-100
Japan	Over 100
Emerging Markets:	
Vietnam	0-50
Indonesia	0

The Group conducted sensitivity analyses of the assumptions applied in the base version of the impairment test to confirm whether a reasonably possible change in key assumptions (the investment returns, risk discount rate or VNB multiplier) would cause the carrying amount of the CGU to exceed its recoverable amount. Based upon the basis of the analyses and the best estimate assumptions, the Group did not identify that a reasonable possible change in the key assumptions could cause the carrying amount of the CGUs to exceed the recoverable amount as of 31 December 2022, 2023 and 2024, except for the impairment recognised in Indonesia in 2024.

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The results of the sensitivity analyses on the investment returns, the risk discount rate or the VNB multiplier as of 31 December 2024 are summarised in the following tables:

	Change in % of headroom over the carrying amount of the CGU	
	2024	
Investment returns	-25bps	+25bps
Hong Kong (and Macau)	0-10	(0-10)
Thailand (and Cambodia)	(0-10)	0-10
Japan	(0-10)	0-10
Emerging Markets:		
Vietnam	0-10	(0-10)
Indonesia	(0-10)	0-10

	Change in % of headroom over the carrying amount of the CGU	
	2024	
Risk discount rate	-50bps	+50bps
Hong Kong (and Macau)	20-40	(10-20)
Thailand (and Cambodia)	0-10	(0-10)
Japan	0-10	(0-10)
Emerging Markets:		
Vietnam	10-20	(10-20)
Indonesia	0-10	(0-10)

	Change in % of headroom over the carrying amount of the CGU	
	2024	
VNB Multiplier	-20%	+20%
Hong Kong (and Macau)	(20-40)	20-40
Thailand (and Cambodia)	(20-40)	20-40
Japan	(0-10)	0-10
Emerging Markets:		
Vietnam	(10-20)	10-20
Indonesia	(10-20)	10-20

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Assets Other than Financial Investments

Assets other than financial investments primarily consist of insurance and reinsurance contract assets, cash and cash equivalents and other miscellaneous non-financial assets. Under IFRS 17, insurance and reinsurance contract assets and liabilities are recorded separately. In addition, under IFRS 9, the new model takes a different approach in addressing the classification, measurement and recognition of financial assets. See “– *Basis of Presentation – Implementation of IFRS 17 and IFRS 9.*”

	As of 31 December		
	2022	2023	2024
	(US\$ millions)		
Assets other than financial investments			
Insurance contract assets	722	798	683
Reinsurance contract assets	725	2,876	2,696
Cash and cash equivalents	1,474	2,008	1,687
Other non-financial assets ⁽¹⁾	5,238	5,437	4,977
Total assets other than financial investments	8,159	11,119	10,043

Note:

- (1) Consist of intangible assets, investments in associates and joint ventures, property, plant and equipment, investment property, deferred tax assets, current tax recoverable and other assets.

Our assets other than financial investments decreased by 9.7% from US\$11,119 million as of 31 December 2023 to US\$10,043 million as of 31 December 2024. The decrease in reinsurance assets was mainly due to (i) foreign exchange movements from depreciation of Japanese Yen against the US dollar, and (ii) increasing Japan interest rate which reduces the present value of reinsurance contract assets as higher discounting rate being used. The decrease in other non-financial assets is mainly due to the release of cash collateral held for the recapture of a reinsurance treaty. Cash and cash equivalents decreased, mainly due to the settlement of borrowings in 2024.

Our assets other than financial investments increased by 36.3% from US\$8,159 million as of 31 December 2022 to US\$11,119 million as of 31 December 2023. The increase in reinsurance assets was mainly due to the Athene Reinsurance transaction. Cash and cash equivalents increased, mainly from the proceeds from the issuance of medium-term notes in December 2023.

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Financial Investments

Our financial investments increased by 5.1% from US\$41,555 million as of 31 December 2023 to US\$43,669 million as of 31 December 2024, mainly due to (i) asset growth from new business, (ii) lower interest rates resulting in fair value gains on debt securities at fair value through other comprehensive income in Thailand, and (iii) financial investments held to back unit-linked contracts increased by 22.7% from US\$2,785 million as of 31 December 2023 to US\$3,417 million as of 31 December 2024, of which corresponding investment return is borne by holders of our unit-linked insurance products.

Our financial investments decreased by 2.1% from US\$42,431 million as of 31 December 2022 to US\$41,555 million as of 31 December 2023, mainly due to the disposals of fixed income securities for the Athene Reinsurance transaction, offset by asset growth from new business.

Financial investments held to back unit-linked contracts increased by 15.7% from US\$2,408 million as of 31 December 2022 to US\$2,785 million as of 31 December 2023, of which corresponding investment return is borne by holders of our unit-linked insurance products.

Level 3 Fair Value Measurement

Our management has carefully reviewed the valuation related policies, the financial statements prepared in accordance with the IFRS, and other supporting documents, and has had sufficient understanding of the valuation model, methodologies, and techniques. Based on the foregoing, our management is of the view that the valuation analysis performed during the Track Record Period is fair and reasonable. Our management is satisfied with the valuation work for the Level 3 fair value measurement on financial assets and liabilities performed during the Track Record Period.

Details of the fair value measurement of Level 3 financial assets and liabilities, including the valuation technique and unobservable inputs, are set out in Note 21 to the Accountants' Report included in Appendix I.

Having considered the work done by the Directors and the Reporting Accountants and based on the independent due diligence work conducted by the Joint Sponsors, including but not limited to (i) review of the relevant notes in the Accountants' Report included in Appendix I; (ii) discussions with the Company and the Reporting Accountants on the accounting policies and procedures; and (iii) review of a sample of valuation reports, nothing has come to the Joint Sponsors' attention that would reasonably cause the Joint Sponsors to cast doubt on the reasonableness of the explanations provided by the Directors and the Reporting Accountants with respect to the applicable standards for the valuation of Level 3 financial assets at fair value through profit and loss.

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Liabilities

	As of 31 December		
	2022	2023	2024
	(US\$ millions)		
Liabilities:			
Insurance contract liabilities	37,019	40,073	41,646
Reinsurance contract liabilities	463	304	366
Investment contract liabilities	197	56	32
Financial liabilities ⁽¹⁾	2,350	2,947	3,321
Liabilities – other than the above ⁽²⁾	2,072	1,662	1,533
Total liabilities	42,101	45,042	46,898

Notes:

- (1) Includes borrowings and derivative financial instruments.
- (2) Consists of provisions, deferred tax liabilities, current tax liabilities and other liabilities.

Our insurance contract liabilities increased by 3.9% from US\$40,073 million as of 31 December 2023 to US\$41,646 million as of 31 December 2024, from (i) new business organic growth and (ii) decreasing interest rates in Thailand, which increased the present value of insurance contract liabilities with a lower discount rate being used, partially offset by the impact of the increased Japanese interest rates. Our financial liabilities increased by 12.7% from US\$2,947 million as of 31 December 2023 to US\$3,321 million as of 31 December 2024, driven by (i) an increase in borrowings after the subordinated dated capital securities issuance in July 2024, (ii) an increase in fair value of derivative financial liabilities due to the weakening of the Japanese Yen against the US dollar, and (iii) an increase in fair value of bond forwards due to increasing US interest rates. Our other liabilities reduced by 7.8% from US\$1,662 million as of 31 December 2023 to US\$1,533 million as of 31 December 2024, mainly due to the settlement of distribution agreement payables.

Our insurance contract liabilities increased by 8.2% from US\$37,019 million as of 31 December 2022 to US\$40,073 million as of 31 December 2023, mainly due to (i) new business organic growth, and (ii) premium received from the in-force portfolio in 2023. Our reinsurance contract liabilities decreased by 34.4% from US\$463 million as of 31 December 2022 to US\$304 million as of 31 December 2023, mainly due to the recapture of certain reinsurance treaties. Our investment contract liabilities decreased by 71.4% from US\$197 million as of 31 December 2022 to US\$56 million as of 31 December 2023, driven by policy withdrawals in Hong Kong. Our financial liabilities increased by 25.4% from US\$2,350 million as of 31 December 2022 to US\$2,947 million as of 31 December 2023, driven by the increase in fair value of derivative financial liabilities due to the weakening of the Japanese Yen

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against the US dollar. Our other liabilities decreased by 19.8% from US\$2,072 million as of 31 December 2022 to US\$1,662 million as of 31 December 2023, mainly due to the decrease in (i) obligations under repurchase and forward agreements, and (ii) cash collateral held for derivative assets.

Except as discussed above, or as disclosed in Notes 25, 26 and 34 to the Accountant's Report in Appendix I, as of 31 December 2024, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured.

Equity

Our total equity decreased by 10.7% from US\$7,632 million as of 31 December 2023 to US\$6,814 million as of 31 December 2024, mainly due to (i) foreign exchange movements from depreciation of the Japanese Yen and other currencies against the US dollar, and (ii) redemption of the US\$600 million of the capital securities issued by FGL on 13 September 2019 (the “**2019 Perpetual Securities**”).

Our total equity decreased by 10.1% from US\$8,489 million as of 31 December 2022 to US\$7,632 million as of 31 December 2023, mainly due to net loss in 2023.

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The following table sets forth the adjusted attribution of total equity (non-IFRS measure) (i.e., assuming the Reorganisation was completed as of 1 January 2021) as of the dates indicated:

	As of 31 December		
	2022	2023	2024
	(US\$ millions)		
Total equity attributable to:			
Shareholders of the Company and perpetual securities holders	6,771	7,582	6,753
Shareholders of the Company	5,417	6,234	6,012
Perpetual securities	1,354	1,348	741
Non-controlling interests	1,718	50	61
Total equity	8,489	7,632	6,814
 Add: Share capital and share premium	1,717	—	—
Less: Non-controlling interests	(1,717)	—	—
 Adjusted attribution of total equity (non-IFRS measure):			
Equity Holders of the Company	8,488	7,582	6,753
Shareholders of the Company	7,134	6,234	6,012
Perpetual securities	1,354	1,348	741
Adjusted non-controlling interests (non-IFRS measure)	1	50	61
Total equity	8,489	7,632	6,814

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The perpetual securities were issued by FL and FGL and have been treated as equity in our consolidated statement of financial position. FL and FGL have used the proceeds from the issuances for general corporate purposes, acquisitions and/or repayment of our own indebtedness. On 25 August 2023, FL and FGL novated all the perpetual securities to the Company. As such, the Company has assumed all the rights and obligations as the issuer of each of the perpetual securities. The following table sets forth the carrying amount of the perpetual securities as of the dates indicated:

	As of 31 December		
	2022	2023	2024
	<i>(US\$ millions)</i>		
Issued on			
15 June 2017	362	360	360
6 July 2017	179	178	178
1 February 2018	203	202	203
13 September 2019	610	608	–
Total	1,354	1,348	741

Investment Portfolio

Our results of operations, financial condition and future prospects are affected by the performance of our investment portfolio and our ability to earn profit from our investments. We manage our investments in accordance with our investment management framework. Our investment management framework seeks to ensure that our investment functions are effective and compliant with relevant laws and regulations. It also requires that our investment functions adhere to our ethical standards and risk management policies.

The discussion of our investment portfolio composition focuses on our policyholder and shareholder investments, as our profit before tax is less affected by the performance of the unit-linked investments. Our unit-linked policyholders are responsible for allocating their premiums among the investment options, and they bear the investment risk of these investments.

Our investment portfolio is composed of fixed income investments such as government bonds and corporate bonds, followed by equities, investment funds, investment properties and others, which include cash, loans and deposits and derivatives.

The greatest aggregate concentration of fair value to direct holdings of an individual issuer (excluding all government related fixed income assets) is less than 1% of the total equity and debt investments as of 31 December 2024.

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The following table sets forth our total investment portfolio by asset class as of the dates indicated for policyholder and shareholder investments:

	As of 31 December					
	2022		2023		2024	
	(US\$ millions, except for percentages)					
Fixed income						
investments	32,625	77.7%	30,999	75.7%	33,158	79.2%
Equities	381	0.9%	675	1.6%	221	0.5%
Investment funds	5,168	12.3%	5,882	14.4%	5,686	13.6%
Investment properties	641	1.5%	599	1.5%	466	1.1%
Others ⁽¹⁾	3,189	7.6%	2,806	6.8%	2,346	5.6%
Total	42,004	100%	40,961	100%	41,877	100%

Note:

(1) Includes cash, loans and deposits and derivatives (net of derivative assets and derivative liabilities).

We predominantly invest in fixed income investments based on our liability maturity profile and to generate predictable and stable income. As of 31 December 2024, 79.2% of our investment portfolio (excluding unit-linked investments) was composed of fixed income investments. As of 31 December 2024, government bonds constituted the largest component of our fixed income investments and represented 51.5% of our total fixed income investment portfolio (excluding unit-linked investments). Our government bond investments were concentrated in Thai and Japanese government bonds, accounting for 33.3% of our investment portfolio as of 31 December 2024. The Company reports the group-wide concentration and potential risks to the Risk Committee on a quarterly basis. Our Directors are of the view that while there are some concentrations of Thai and Japanese government bonds and private equity investments in Hong Kong in our investment portfolio, apart from the sovereign credit exposures, the portfolio overall is sufficiently diversified from single party exposures and managed within the sector limit permitted by our concentration risk guidelines at our Group level. Since 2022, as a result of our early adoption of RBC with a focus on improving capital, solvency and free surplus whilst maintaining our EV levels, our Hong Kong business unit has aimed to lengthen the duration for par and reduce for shareholder fund and private equity investment for purposes of capital optimisation.

The government bonds in our investment portfolio have sufficiently high liquidity and the reason for such concentration is primarily due to our policy of matching our assets and liabilities on a local currency basis. Furthermore, in countries such as Thailand, government bonds are the safest form of local currency fixed income investments available to us. The percentage of private equities is also within the SAA approved by the Risk Committee. The primary reason to allocate to private equity is that historically in a long-term holding period,

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private equity investments have been able to generate a premium over public stocks, which remains our expectation for the future. The long term nature and holding periods for private equity investments are commensurate with long term life insurance liabilities and support the non-guarantee bonus to policyholder in long run and, as such, our Directors are of the view that the allocation of private equity in our SAA is manageable and acceptable.

As of 31 December 2024, 96.4% of our fixed income investment portfolio was rated investment grade. We had a small portion of investments rated below investment grade, primarily because as per the Fitch ratings, Thailand has international sovereign debt ratings of BBB+, the Philippines and Indonesia have international sovereign debt ratings of BBB while Vietnam has an international sovereign debt rating of BB+ and, as a result, many corporate bonds issued in these markets are below investment grade on an international rating scale.

Fixed Income

The following table sets forth the breakdown of our fixed income investments by asset categories as of the dates indicated for policyholder and shareholder investments:

	As of 31 December					
	2022		2023		2024	
	(US\$ millions, except for percentages)					
Fixed income investments						
Government bonds	15,411	47.2%	15,115	48.8%	17,086	51.5%
Government agency bonds	1,573	4.8%	1,941	6.3%	1,697	5.2%
Corporate bonds	13,619	41.7%	11,921	38.5%	10,256	30.9%
Structured securities and others	2,022	6.3%	2,022	6.4%	4,119	12.4%
Total ⁽¹⁾	32,625	100%	30,999	100%	33,158	100%

Note:

- (1) As of 31 December 2024, fixed income investments of US\$3,954 million, US\$570 million, US\$18 million and US\$6 million are restricted due to local regulatory requirements in Thailand, Macau, Indonesia and the Philippines, respectively.

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The following table sets forth the breakdown of our fixed income investments by loan amounts as of the dates indicated (as measured by carrying value):

Loan amounts	As of 31 December					
	2022		2023		2024	
	US\$0-1	US\$1+	US\$0-1	US\$1+	US\$0-1	US\$1+
	Bn	Bn	Bn	Bn	Bn	Bn
	<i>(US\$ millions)</i>					
Government bonds	15,411	–	15,115	–	17,086	–
Government agency bonds	1,573	–	1,941	–	1,697	–
Corporate bonds	13,619	–	11,921	–	10,256	–
Structured securities and others	2,022	–	2,022	–	4,119	–
Total	32,625	–	30,999	–	33,158	–

The following table sets forth the breakdown of our fixed income investments by tenor at issue, which is defined as the length of time remaining before a financial contract expires at the time of issue, as of the dates indicated (as measured by carrying value):

Tenor at issue	As of 31 December											
	2022				2023				2024			
		1-3	3-5	5+		1-3	3-5	5+		1-3	3-5	5+
	<1 year	years	years	years	<1 year	years	years	years	<1 year	years	years	years
	<i>(US\$ millions)</i>											
Government bonds	275	87	223	14,826	150	1	218	14,746	349	14	61	16,662
Government agency bonds	1	7	62	1,503	143	14	103	1,681	128	3	92	1,474
Corporate bonds	68	344	255	12,952	28	35	327	11,531	34	92	682	9,448
Structured securities and others	9	1	7	2,005	18	–	12	1,992	32	–	1	4,086
Total	353	439	547	31,286	339	50	660	29,950	543	109	836	31,670

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The following table sets forth the breakdown of our fixed income investments by maturity dates as of the dates indicated (as measured by carrying value):

Maturity Dates	As of 31 December											
	2022				2023				2024			
	2025	2026	2027	2028+	2025	2026	2027	2028+	2025	2026	2027	2028+
	(US\$ millions)											
Government bonds	319	612	315	13,597	49	605	161	14,106	396	445	162	16,083
Government agency bonds	118	67	132	1,091	112	108	96	1,389	203	110	87	1,297
Corporate bonds	1,081	1,466	1,040	8,911	561	1,078	833	9,094	619	1,024	788	7,825
Structured securities and others	13	28	11	1,925	35	1	2	1,965	66	–	–	4,053
Total	1,531	2,173	1,498	25,524	757	1,792	1,092	26,554	1,284	1,579	1,037	29,258

The following table sets forth the breakdown of our fixed income investments by coupon rates as of the dates indicated (as measured by carrying value):

Coupon rates	As of 31 December											
	2022				2023				2024			
	0-3%	3-5%	5-10%	10+%	0-3%	3-5%	5-10%	10+%	0-3%	3-5%	5-10%	10+%
	(US\$ millions)											
Government bonds	7,778	7,139	479	15	6,752	7,781	567	15	7,902	8,707	463	14
Government agency bonds	558	780	234	1	736	941	263	1	690	767	239	1
Corporate bonds	3,643	7,583	2,393	–	2,639	6,585	2,697	–	2,095	5,644	2,492	25
Structured securities and others	140	1,289	577	16	38	1,123	781	80	170	857	3,092	–
Total	12,119	16,791	3,683	32	10,165	16,430	4,308	96	10,857	15,975	6,286	40

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The following table sets for the breakdown of our fixed income investments by secured/unsecured as of the dates indicated (as measured by carrying value):

	As of 31 December					
	2022		2023		2024	
	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
	(US\$ millions)					
Government bonds	–	15,411	–	15,115	–	17,086
Government agency bonds	27	1,546	26	1,915	11	1,686
Corporate bonds	539	13,080	496	11,425	708	9,548
Structured securities and others	1,955	67	1,986	36	4,075	44
Total	2,521	30,104	2,508	28,491	4,794	28,364

Government Bonds

Government bonds constituted 47.2%, 48.8% and 51.5% of the carrying value of our total fixed income investments (excluding unit-linked investments) as of 31 December 2022, 2023 and 2024, respectively. In order to increase our investment returns and diversify our investment portfolio, we invest in both local and foreign currency denominated government bonds.

The table below shows the carrying value of our government bonds invested by the issuing governments as of the dates indicated for policyholder and shareholder investments:

	As of 31 December					
	2022		2023		2024	
	(US\$ millions, except for percentages)					
Thailand	10,455	67.8%	11,088	73.4%	12,231	71.6%
Japan	2,804	18.2%	1,909	12.6%	1,722	10.1%
United States	1,035	6.7%	885	5.9%	2,082	12.2%
Others	1,117	7.3%	1,233	8.1%	1,051	6.1%
Total government bonds	15,411	100%	15,115	100%	17,086	100%

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Corporate Bonds

Corporate bonds constituted 41.7%, 38.5% and 30.9% of the carrying value of our total fixed income investments (excluding unit-linked investments) as of 31 December 2022, 2023 and 2024, respectively. We invest in both local and foreign currency denominated corporate bonds across a broad range of markets, industries and issuers or obligors. Financial institutions and utilities represented our largest sector exposures in our corporate bond investments as of 31 December 2024 since issuers in these sectors usually have international credit ratings, making it easier to evaluate their credit worthiness. These issuers also issue corporate bonds more frequently, providing us with greater flexibility to make investments.

Unlisted Bonds

Most corporate bonds issued by private and public companies are traded “over the counter” and not on exchanges. The listing criteria are not relevant in determining the quality and, more importantly, the liquidity of a bond. We therefore do not consider unlisted bonds as being of heightened risk.

Credit Rating

The following table sets forth the breakdown of our fixed income investments by credit rating as of the dates indicated for policyholder and shareholder investments:

	As of 31 December					
	2022		2023		2024	
	(US\$ millions, except for percentages)					
AAA	1,388	4.3%	336	1.1%	1,234	3.7%
AA	2,102	6.4%	2,921	9.4%	4,922	14.8%
A	9,532	29.2%	8,109	26.2%	8,278	25.0%
BBB	17,298	53.0%	18,263	58.9%	17,543	52.9%
Below Investment Grade	1,239	3.8%	1,128	3.6%	771	2.3%
CCC or Not rated	1,066	3.3%	242	0.8%	410	1.3%
Total	32,625	100%	30,999	100%	33,158	100%

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The majority of our non-investment grade bond holdings stem from insurance entities in countries with below investment grade sovereign ratings. The sovereign rating typically provides a ceiling for credit ratings of government and corporate bonds issued by or in this country. The following table sets forth the sovereign ratings for selected countries:

Country	Sovereign Rating	
	Standard & Poor's	Fitch
Thailand	BBB+	BBB+
Philippines	BBB+	BBB
Malaysia	A-	BBB+
Vietnam	BB+	BB+
Indonesia	BBB	BBB

Most of our non-investment grade rated bonds relate to corporate bonds issued in Thailand, which are typically only rated by local Thai rating agencies (such as TRIS and Fitch Thailand). Bonds that receive local investment grade ratings of one or more letter grades below the sovereign (such as “AA or lower” compared to the local sovereign “AAA”) would translate into BB or lower ratings using international rating agency scale that classifies Thai sovereign as BBB+.

Further, the following table sets forth our corporate bonds by credit rating as of the dates indicated for policyholder and shareholder investments:

	As of 31 December					
	2022		2023		2024	
	(US\$ millions, except for percentages)					
AAA	148	1.1%	179	1.5%	175	1.7%
AA	735	5.4%	697	5.8%	685	6.7%
A	5,782	42.5%	5,015	42.1%	4,807	46.9%
BBB	5,465	40.1%	4,768	40.0%	3,679	35.9%
Below Investment Grade	1,185	8.7%	1,082	9.1%	733	7.1%
CCC or Not rated	304	2.2%	180	1.5%	177	1.7%
Total	13,619	100%	11,921	100%	10,256	100%

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Fixed Income Yield

The following table sets forth our quarterly investment yield on fixed income portfolio as of the dates indicated:

	Quarterly investment yield on fixed income portfolio
	<i>Annualised</i>
As of 31 March 2022	2.58%
As of 30 June 2022	2.61%
As of 30 September 2022	2.70%
As of 31 December 2022	2.77%
As of 31 March 2023	2.87%
As of 30 June 2023	2.95%
As of 30 September 2023	3.00%
As of 31 December 2023	2.96%
As of 31 March 2024	2.98%
As of 30 June 2024	3.04%
As of 30 September 2024	3.03%
As of 31 December 2024	3.11%

Our fixed income portfolio yield has trended up from 2.58% as of 31 March 2022 to 3.11% as of 31 December 2024, driven by higher yield environment, while our reinvestment yield in Hong Kong, Japan and Thailand combined was 3.19% in 2022, 4.53% in 2023, and 4.73% in 2024, respectively.

Equity Securities and Interests in Investment Funds

We invest in public and private equity, as well as real estate funds, to diversify our portfolio and increase long-term returns. Due diligence procedures as well as local and group committee approvals are required for such investments. As of 31 December 2024, investments in equity securities and interests in investment funds represented 14.1% of our total policyholder and shareholder investment portfolio.

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The following table sets forth the breakdown of our equity securities and interests in investment funds investments as of the dates indicated for policyholder and shareholder investments:

	As of 31 December					
	2022		2023		2024	
	(US\$ millions, except for percentages)					
Equities	381	6.9%	675	10.3%	221	3.7%
Interests in investment funds ⁽¹⁾	5,168	93.1%	5,882	89.7%	5,686	96.3%
Total	5,549	100%	6,557	100%	5,907	100%

Note:

- (1) As of 31 December 2024, interests in investment funds of US\$99 million are restricted due to local regulatory requirements in Macau.

	As of 31 December		
	2022	2023	2024
	<i>(US\$ millions)</i>		
Listed	2,287	2,386	1,689
Unlisted	3,262	4,171	4,218
Total	5,549	6,557	5,907

	As of 31 December		
	2022	2023	2024
	<i>(US\$ millions)</i>		
Participating	3,616	4,377	4,137
Non-participating and shareholder	1,933	2,180	1,770
Total	5,549	6,557	5,907

Private equities are mainly managed by dedicated private equity managers who have the required resources and skills to identify and execute private investments. We select managers based on their track record and targeted strategies and commit capital to their

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funds typically as limited partners in pooled fund type vehicles. We select managers across various strategies (such as secondary funds, mid-market buy-out, technology, venture capital) and geographies to obtain diversified private equity portfolios.

Historically, in a long-term holding period, private equity investments were able to generate a premium over public stocks, which remains our expectation for the future. Lower volatility of private equity investments is due to the smoothed valuations over time compared to publicly traded stocks which trades-off with little or no liquidity of private investments. Long term nature and holding periods for private equity are commensurate with long term life liabilities.

Public equities are managed either through the purchase of mutual funds or ETFs, which provide a diversified and cost-effective access to public markets or market segments. The selection of relevant ETF follows the underlying portfolio benchmarks.

Alternatively, public equities are managed through discretionary mandates by internal or external asset managers which typically have established market indices as their benchmark. Asset managers would then choose to over- or underweight certain stocks within the portfolios relative to the benchmark weight based on a number of factors such as fundamental valuation, attractiveness of the stock or sector the stock belongs to relative to the overall benchmark universe.

For our equity securities and interests in investment funds portfolio, excluding investments supporting investment-linked products, we realised an average annualised return of 1.2% in 2023 and 7.9% in 2024.

The annualised volatility (as measured by standard deviation) of our public equity portfolio (which include both investment-linked products as well as that in general accounts) was in the range of 10-25%, which is in line with that of public market indices, while our private equity portfolio exhibited lower annualised volatility (as measured by standard deviation) of approximately 10%.

Further, our investments in equity and interests in equity funds reduced from US\$5,727 million in 2023 to US\$4,700 million in 2024, which represents a reduction in the proportion of total investment assets from 14% in 2023 to 11% in 2024.

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Analysis of Comprehensive Tangible Equity (Non-IFRS Measure)

The table below sets forth the comprehensive tangible equity (non-IFRS measure) as of the dates indicated:

	As of 31 December		
	2022	2023	2024
	(US\$ millions)		
Opening comprehensive tangible equity	8,225	8,331	7,172
Net loss ⁽¹⁾	(403)	(843)	(78)
Fair value gains/(losses) on assets	(4,043)	1,156	347
Net finance income/(expenses) from insurance and reinsurance contracts	3,885	(1,069)	(272)
Foreign currency translation adjustments	(321)	(249)	(368)
Other capital movements	410	(43)	8
Net CSM movement ⁽²⁾	543	(162)	317
Intangible assets movement ⁽²⁾	35	51	36
Total movement in comprehensive tangible equity	106	(1,159)	(10)
Comprehensive tangible equity (non-IFRS measure)	8,331	7,172	7,162

Note:

(1) Represents net loss attributable to Shareholders of the Company.

(2) Excluding the impact of foreign currency translation adjustments.

Our comprehensive tangible equity (non-IFRS measure) remained stable from US\$7,172 million as of 31 December 2023 to US\$7,162 million as of 31 December 2024, with growth from new business being offset by the impact of foreign exchange translation movements and the strengthening of operating assumptions. Excluding the foreign exchange impact, the comprehensive tangible equity increased by 4.2% on a CER basis.

Our comprehensive tangible equity (non-IFRS measure) decreased from US\$8,331 million as of 31 December 2022 to US\$7,172 million as of 31 December 2023, primarily due to (i) net loss recognised in 2023, and (ii) lower net CSM balance.

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Comprehensive Tangible Equity (Non-IFRS Measure) and Embedded Value Comparison

The table below reconciles comprehensive tangible equity (non-IFRS measure) with embedded value. The two measures are similar in concept with the main differences being risk adjustment, cost of capital and valuation.

	As of 31 December		
	2022	2023	2024
	(US\$ millions)		
Adjusted total equity attributable to Shareholders of the Company (non-IFRS measure)	7,134	6,234	6,012
Net CSM balance	4,404	4,092	4,235
Less: Intangible assets net of non-controlling interests	(3,207)	(3,154)	(3,085)
Comprehensive tangible equity (non-IFRS measure)	8,331	7,172	7,162
Risk adjustment	467	486	470
Cost of capital	(735)	(834)	(796)
Valuation differences	(1,997)	(1,142)	(1,267)
Embedded value	6,066	5,682	5,569

Risk adjustment represents the explicit risk adjustment margin under IFRS 17 to cover the risk of deviation from the best estimate non-market assumptions. This is normally covered by the implicit risk premium embedded in the risk discount rate under traditional embedded value reporting basis. Risk adjustment decreased by 3.3% from US\$486 million in 2023 to US\$470 million in 2024, and increased by 4.2% from US\$467 million in 2022 to US\$486 million in 2023.

Cost of capital represents the cost of holding required capital that has been taking into account when measuring shareholders' profit under traditional embedded value reporting. On the other hand, IFRS 17 measures the profitability of the insurance contracts before any cost of capital. Cost of capital decreased by 4.6% from US\$(834) million in 2023 to US\$(796) million in 2024, and increased by 13.5% from US\$(735) million in 2022 to US\$(834) million in 2023.

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Valuation differences primarily represent the difference in discount rate (risk free rates with allowance of illiquidity premium under IFRS 17, compared to risk discount rate for embedded value), non-attributable expenses under IFRS 17 and tax. Valuation differences decreased by 42.8% from US\$(1,997) million in 2022 to US\$(1,142) million in 2023 mainly due to the higher expense attribution rate and change in illiquidity premium in 2023.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity in the insurance industry primarily relates to the ability of an insurer to generate sufficient cash from its business operations, including its investment portfolio, to satisfy its obligations under its insurance policies and other financial commitments. Historically, we have funded our liquidity requirements primarily using cash generated by our operating activities, bank borrowings and other funds raised from issuing debt and equity securities. After the Global Offering, we expect that our liquidity requirements will be satisfied primarily through cash generated by our operations, borrowings from third parties, dividends and distributions from our operating subsidiaries and funds raised from issuing debt and equity securities, together with the net proceeds we receive from the Global Offering. As of 31 December 2024, we had aggregate cash and cash equivalents of US\$1,687 million. We do not, nor are we required under applicable laws to, calculate or disclose any specific liquidity ratio. Our cash inflows and existing cash balances are primarily used to satisfy payment liabilities under our insurance contracts and debt obligations, to purchase investment assets and to fund our operating expenses.

We believe that our current cash and anticipated cash flow generated from operating and financing activities and net proceeds from the Global Offering will be sufficient to meet our anticipated working capital requirements, including our cash needs for operating expenses, payment liabilities under our insurance contracts and debt obligations and capital expenditures, in the next 12 months. We may, however, need additional cash resources in the future if we experience changes in business conditions or other developments, or if we find and wish to pursue opportunities for investments, acquisitions, capital expenditures or similar actions. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time or that at any given time, it is desirable to refinance certain of our outstanding indebtedness, whether at or prior to maturity, we may seek to issue equity or debt securities, including through the establishment of and drawdowns under medium-term notes programmes and/or standalone bond issuances, or obtain credit facilities. We may enter into one or more of such transactions at any time, including prior to the completion of the Global Offering (including shortly after the Latest Practicable Date) and/or shortly after the completion of the Global Offering. For example, as disclosed in “– *Indebtedness – Perpetual Securities*” below, as of 31 December 2024, we had outstanding perpetual securities in an aggregate nominal amount of US\$950 million. Under the terms of these perpetual securities, on certain dates or upon the occurrence of certain events including the Global Offering, the Company may redeem certain of these perpetual securities. If we determine to issue notes and/or capital securities pursuant to our global medium term note and capital securities programme prior to the completion of the Global Offering (including shortly after the Latest Practicable Date) and/or shortly after the

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completion of the Global Offering to refinance such perpetual securities, the proceeds from such issuance would primarily be for refinancing purposes, in line with sound treasury practices, including to manage our overall finance costs, extend our debt maturity profile and/or to establish ongoing market access. We may similarly look to refinance other outstanding indebtedness. The issuance and sale of additional equity would result in further dilution to our Shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

We allocate capital within our Group on a centralised basis. In general, we do not expect to transfer capital resources across reporting segments, with limited exceptions where our local operating subsidiaries are held by companies incorporated in different jurisdictions. We determine capital and resource allocation to each business unit based on local regulations, and will ensure that each local business unit not only meets the relevant solvency requirement but also has sufficient capital buffer in line with our target level to withstand extreme scenarios.

Our liquidity is affected by the frequency and severity of policy surrenders, withdrawals, maturities, claims and guarantees under our insurance contracts. In particular, our life, general and medical insurance products expose us to the risk of unexpected cash demands in the event that a catastrophic event, such as epidemics or other events that increase mortality or morbidity, lead to a large number of claims, surrenders and early terminations by our policyholders. We seek to manage our catastrophe loss exposure through reinsurance arrangements and we also seek to reduce the likelihood of surrenders and early terminations through in-force product management and adjusting the prices of our products based on regular reviews of persistency experience. During the Track Record Period, we have not experienced any failure of meeting capital or solvency requirements in the regions in which we operate, nor have we received any formal request from regulators to strengthen our capital position for any of our operating entities. However, there is no assurance that we will be able to withstand the liquidity pressures posed by catastrophic events, the timing and effect of which are inherently unpredictable.

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CASH FLOWS

The following table sets out a summary of our consolidated statements of cash flows for the periods indicated:

	Year ended 31 December		
	2022	2023	2024
	<i>(US\$ millions)</i>		
Net cash provided by/(used in)			
operating activities	(391)	629	526
Net cash used in investing activities	(553)	(97)	(110)
Net cash provided by/(used in)			
financing activities	(190)	25	(705)
Net increase/(decrease) in cash and cash equivalents	(1,134)	557	(289)
Cash and cash equivalents at beginning of the year	2,654	1,474	2,008
Effect of exchange rate changes on cash and cash equivalents	(46)	(23)	(32)
Cash and cash equivalents at the end of year	1,474	2,008	1,687

Net Cash Provided by/Used in Operating Activities

Our operating activities primarily consist of operational cash flows from the insurance business including cash premiums and fee income received from policyholders of which we invest to support our future obligations to the policyholders including claims, maturities, and surrenders. The operational cash flow from our insurance business also includes payments of commissions and other related acquisition costs to our distributors and the operating expenses to maintain the service to the policyholders and manage the overall business. Further, our operating activities include the purchases, maturities and sales of financial investments as well as the related interest and dividends.

Net cash provided by operating activities for 2024 was US\$526 million, primarily reflecting (i) net cash inflows from insurance operations and financial investments, and (ii) net cash inflows from repurchase and forward agreements. Net cash provided by operating activities for 2023 was US\$629 million, primarily reflecting net cash inflows from financial investments. Net cash used in operating activities for 2022 was US\$391 million, primarily due to net cash outflows from financial investments.

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Net Cash Used in Investing Activities

Our cash outflows from investing activities primarily consist of cash used to acquire subsidiaries, investment properties, investments in associates, property, plant and equipment and intangible assets such as distribution rights. Our cash inflows from investing activities mainly relate to dividends received from our joint venture and proceeds from our disposals of intangible assets, property, plant, and equipment and other investments.

Net cash used in investing activities for 2024 was US\$110 million, primarily due to (i) cash outflows of US\$131 million for payments for intangible assets, mainly due to acquisition of distribution rights and the settlement of distribution agreement payables, (ii) cash outflows of US\$49 million for the subscription of additional interest in BRI Life, and partially offset by cash inflows of US\$85 million from the disposal of investment properties. Net cash used in investing activities for 2023 was US\$97 million, primarily due to (i) cash outflows of US\$62 million for payments for intangible assets, mainly due to the settlement of distribution agreement payable, (ii) cash outflows of US\$51 million for subscription of additional interest in BRI Life, and partially offset by cash inflows of US\$19 million from the acquisition of FWD Life Malaysia. Net cash used in investing activities for 2022 was US\$553 million, primarily due to (i) cash outflows of US\$483 million for payments for intangible assets, mainly due to the settlement of distribution agreement payable, (ii) cash outflows of US\$54 million for the subscription of additional interest in BRI Life, (iii) cash outflows of US\$64 million for payments for investment properties, and partially offset by cash inflows of US\$38 million from disposal of FWD Assurance (Vietnam).

Net Cash Provided by/Used in Financing Activities

Our cash outflows from financing activities mainly consist of cash used to pay finance costs and to redeem or repay outstanding indebtedness. Our cash inflows from financing activities primarily consist of proceeds from bank borrowings and issuance/transfer of debt and equity securities.

Net cash used in financing activities for 2024 was US\$705 million, primarily due to (i) cash outflows of US\$228 million for finance costs paid on borrowings, (ii) cash outflows of US\$112 million for distributions paid on perpetual securities, and (iii) cash outflows of US\$325 million for repayment of the medium term 5% notes due 2024 issued by FL in 2014 (the “**2014 Notes**”). Net cash provided by financing activities for 2023 was US\$25 million, primarily representing cash inflows of US\$325 million from the issuance of the 2033 Notes, partially offset by (i) cash outflows of US\$110 million for distributions paid on perpetual securities, and (ii) cash outflows of US\$144 million for finance costs paid on borrowings. Net cash used in financing activities for 2022 was US\$190 million, primarily representing (i) cash outflows of US\$250 million for redemption of perpetual securities, (ii) cash outflows of US\$87 million for distributions paid on perpetual securities, (iii) cash outflows of US\$96 million for finance costs paid on borrowings, and (iv) cash outflows of US\$74 million for finance costs paid on distribution agreement payable, partially offset by US\$369 million issuance proceeds net of transaction costs from issuance of ordinary shares.

SOLVENCY AND CAPITAL

We and our Business Units are required to maintain solvency ratios at a level in excess of minimum regulatory requirements. The solvency ratio of our Group and each of our Business Units is affected primarily by the volumes and types of new insurance policies sold, the composition of in-force insurance policies and investments, and the regulatory capital requirements in each jurisdiction. The solvency ratio is also affected by several other factors, including the profit margin of our products, returns on our assets and investments, interest rates, underwriting and acquisition costs, and policyholder and shareholder dividends. For details, see “*Regulatory Overview and Taxation*.”

We review and monitor our capital adequacy and solvency positions at the Group and operating company levels. Our ALMCO and the Risk Committee regularly review, and conduct sensitivity analyses of, a set of capital management metrics analysing scenarios that could cause changes in our group capital adequacy and solvency levels and the underlying causes of such changes. Regular committee meetings are held to monitor and discuss our group capital adequacy and solvency positions.

Group Capital Adequacy

We assess our capital adequacy with reference to the Insurance (Group Capital) Rules, which determine the calculation of the Group LCSM tier 1 MCR and PCR bases. Our Group LCSM free surplus (PCR basis) is the difference between our group available capital and our GPCR, and our Group LCSM cover ratio (PCR basis) is the ratio of our group available capital to our GPCR. Our Group LCSM tier 1 cover ratio (MCR basis) is the ratio of our Group tier 1 available capital to our GMCR. We calculate these amounts as the sum of the available capital and the sum of the minimum and prescribed capital requirements, as applicable, of each entity within the Group as determined in accordance with local regulatory requirements, subject to any capital variation the HKIA considers necessary.

As of 31 December 2024, the Group available capital includes US\$2,576 million of Group Tier 2 capital, of which US\$1,939 million are financial instruments under transitional arrangements, US\$592 million are financial instruments that are classified as Tier 2 and US\$45 million local regulatory capital that are classified as Tier 2 under GWS.

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Our capital adequacy before giving effect to the net proceeds of the Global Offering (applying the principles set forth below) as of the dates indicated was as follows:

	As of 31 December		
	2022	2023	2024
	<i>(US\$ millions, except for percentages)</i>		
Group available capital	5,406	6,022	6,715
of which tier 1 capital	2,834	3,438	4,139
Group minimum capital requirement (GMCR)	868	1,022	1,467
Group prescribed capital requirement (GPCR)	1,877	2,062	2,582
Group LCSM free surplus (PCR basis)	3,529	3,961	4,133
Group LCSM tier 1 cover ratio (MCR basis) ⁽¹⁾	327%	336%	282%
Group LCSM cover ratio (PCR basis) ⁽²⁾	288%	292%	260%

Notes:

(1) Also defined as the “tier 1 group capital coverage ratio.”

(2) Also defined as the “eligible group capital resources coverage ratio.”

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Group LCSM Cover Sensitivities

Our Group LCSM cover ratio (PCR basis) sensitivities arising from changes to the central assumptions from equity price, interest rate and foreign exchange rate movements and applied consistently with those in EV, are shown below. The interest rate sensitivities apply a 50 basis points movement in current bond yields and the corresponding movement on discount rates applied to the calculation of liabilities. The amount of eligible debt capital is unchanged in the sensitivity calculations.

	As of 31 December		
	2022	2023	2024
Central value	288%	292%	260%
<i>Impact of equity price changes</i>			
10 per cent increase in equity prices	2 pps	2 pps	2 pps
10 per cent decrease in equity prices	(3) pps	(2) pps	(2) pps
<i>Impact of interest rate changes</i>			
50 basis points increase in interest rates	1 pps	(4) pps	(9) pps
50 basis points decrease in interest rates	0 pps	11 pps	10 pps
<i>Impact of foreign exchange rate changes</i>			
5 per cent appreciation in presentation currency	N/A	(2) pps	(3) pps
5 per cent depreciation in presentation currency	N/A	2 pps	3 pps

Principles set forth in the Group Capital Adequacy Calculations above

When assessing our capital adequacy, with reference to the group capital adequacy requirements and the LCSM, we define our group available capital as the sum of (i) our eligible group capital resources, and (ii) an amount equal to the net proceeds of US\$1,939 million we received upon issuance of our outstanding financial instruments, which were issued by FL and FGL prior to the designation of FWD Management Holdings as the DIHC, subsequently novated to us on 25 August 2023, or otherwise refinanced under the transitional arrangements, and which we apply toward meeting our group prescribed capital requirement under the transitional arrangements. The inclusion of these financial instruments in our group capital and the refinancing of them under the GWS framework are subject to certain terms and conditions contained in the transitional arrangements with the HKIA. In addition, we use the following terms defined in the Group Capital Rules:

Group capital adequacy requirements. A DIHC in relation to its supervised group must ensure that at all times (i) the tier 1 group capital of the supervised group is not less than the GMCR of the supervised group; and (ii) the sum of the tier 1 group capital and the tier 2 group capital of the supervised group is not less than the group prescribed capital requirement of the supervised group.

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Group minimum capital requirement. The GMCR of a supervised group is the sum of the minimum capital requirements applicable to the supervised group members in the supervised group.

Group prescribed capital requirement. The group prescribed capital requirement of a supervised group is the sum of the prescribed capital requirements applicable to the supervised group members in the supervised group.

Eligible group capital resources. The eligible group capital resources of a DIHC are the resources and financial instruments of the supervised group which are eligible to be included in the tier 1 group capital or tier 2 group capital of the supervised group.

We also apply the following principles in determining our group available capital and required capital:

- For regulated insurance entities, capital resources and required capital are based on the local solvency regime applicable in each jurisdiction, with minimum required capital set at the solo legal entity statutory minimum capital requirements;
- For non-regulated entities, the capital resources are based on IFRS shareholder equity after deducting intangible assets, and the financial instruments which satisfy the criteria in Group Capital Rules. No required capital is held in respect of non-regulated entities;
- For entities where the Group's shareholding is less than 100%, the contribution of the entity to the GWS eligible group capital resources and required capital represents the Group's share of these amounts and excludes any amounts attributable to non-controlling interests. This does not apply to FWD Life Malaysia, which is assumed to be 100% owned by the Group in determining Group available capital and required capital (as communicated to the HKIA), and investment holdings which are not part of the Group;
- Investments in subsidiaries, joint ventures and associates (including, if any, loans that are recognised as capital on the receiving entity's balance sheet) are eliminated from the relevant holding company to prevent the double counting of capital resources; and
- Based on transitional arrangements that have been agreed with the HKIA. We apply an amount equal to the net proceeds of US\$1,939 million we received upon issuance of our outstanding financial instruments, which were issued by FL and FGL prior to the designation of FWD Management Holdings as the DIHC and subsequently novated to the Company on 25 August 2023, or otherwise refinanced under the transitional arrangements, toward meeting our group prescribed capital requirement under such transitional arrangements.

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For further details, see “Regulatory Overview and Taxation.”

Operating Subsidiaries

Pursuant to applicable regulations, an insurer is required to maintain at all times required solvency and capital. The objective of these regulations is to provide a reasonable safeguard against the risk that the insurer’s assets may be inadequate to meet its liabilities arising from unpredictable events, such as adverse fluctuations in its operating results or the value of its assets and liabilities. Our operating subsidiaries are subject to solvency and capital regulations of, and the supervision of insurance regulators in, the jurisdictions in which they operate and the jurisdictions in which they are incorporated and/or domiciled. We generally aim to set our target solvency and capital ratios well above the minimum local regulatory requirements in all the markets in which we operate. All our operating subsidiaries are in compliance with the relevant solvency and capital requirements prescribed under applicable insurance laws. See “Regulatory Overview and Taxation” for discussions on solvency and capital requirements in each geographic market that we operate in and Note 28 to the Accountants’ Report included in Appendix I for more information on the solvency ratios that our key regulated entities are required to meet under applicable local requirements.

CAPITAL EXPENDITURES

From time to time, we make capital expenditures to expand our operations, primarily through making leasehold improvements, acquiring property, plant and equipment, and intangible assets, primarily consisting of computer software. Our capital expenditure during the Track Record Period largely related to investment in IT systems and digital infrastructure to deliver improved digitalisation of core processes covering customer experience and back office services. We have historically funded our capital expenditures through using cash generated by our operating activities. The table below sets forth our capital expenditures for the periods indicated:

	Year ended 31 December		
	2022	2023	2024
	(US\$ millions)		
Purchase of property, plant and equipment (excluding right-of-use assets)	10	13	26
Purchase of intangible assets – computer software and others	50	57	62
Total	60	70	88

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INDEBTEDNESS

At the close of business on 30 April 2025, our indebtedness included: (i) borrowings of US\$2,786 million, (ii) perpetual securities of US\$759 million, and (iii) lease liabilities of US\$96 million. As of the same date, we had no outstanding significant contingent liabilities.

On 24 November 2021, we established a global medium term note programme of up to US\$5,000,000,000 (the “**GMTN Programme**”) pursuant to which we may, from time to time, issue notes and capital securities. The GMTN Programme was last updated on 27 March 2025.

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of 31 December			As of 30 April
	2022	2023	2024	2025
				(Unaudited)
	(US\$ millions)			
Borrowings				
Bank borrowings	992	992	996	989
Medium-term notes	324	641	318	318
Subordinated notes and subordinated dated capital securities	900	898	1,479	1,479
Total Borrowings	2,216	2,531	2,793	2,786
Perpetual Securities	1,354	1,348	741	759
Lease Liabilities ⁽¹⁾	113	122	106	96
Total Indebtedness	3,683	4,001	3,640	3,641

Note:

- (1) The Group leases various office premises, residential units, car parks, office equipment, IT-related and other assets. These leases, except for short-term leases and leases of low-value assets, are recognised as right-of-use assets and lease liabilities at the date at which the leased assets are available for use by the Group. See Notes 16 and 26 to the Accountants’ Report included in Appendix I for details.

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Borrowings

Other than our operating cash flow, we also use the net proceeds from bank loans and our issuance of medium-term notes, subordinated notes, and subordinated dated capital securities to finance acquisitions and for general corporate purposes.

The following table sets forth a breakdown of our borrowings as of the dates indicated:

	As of 31 December			As of 30 April
	2022	2023	2024	2025
				(Unaudited)
	(US\$ millions)			
Bank borrowings	992	992	996	989
Medium-term notes	324	641	318	318
Subordinated notes and subordinated dated capital securities	900	898	1,479	1,479
Total borrowings	2,216	2,531	2,793	2,786

Bank Borrowings

The following table summarises our outstanding bank borrowings as of 30 April 2025:

Drawdown date	Amount	Interest rate	Tenor
21 January 2025	US\$500 million	SOFR + 0.97%	3 years
21 January 2025	US\$500 million	SOFR + 1.12%	5 years

As of 30 April 2025, we had unutilised bank borrowings of US\$1,385 million. During the Track Record Period, our main lenders were commercial banks in the markets in which we operate.

On 30 December 2021, the Group (i) borrowed a term loan of US\$1.0 billion under a facilities agreement (relating to a US\$1.0 billion term loan facility and US\$500 million revolving loan facility) dated 28 December 2021 with, among others, Standard Chartered Bank (Hong Kong) Limited as agent (the “**2021 Facilities Agreement**”), and (ii) voluntarily prepaid in full prior to its scheduled maturity date, a US\$1.8 billion term loan borrowed under a facility agreement dated 10 September 2019 with, among others, Standard Chartered Bank (Hong Kong) Limited as agent. The 2021 Facilities Agreement was subsequently prepaid in full on 21 January 2025. On 17 December 2023, the Group entered into a facility agreement

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relating to a US\$500 million revolving loan facility with, among others, Mizuho Bank, Ltd., Hong Kong Branch as agent (the “**2023 Facility Agreement**”), which was subsequently upsized to (i) US\$685 million on 6 February 2024, (ii) US\$785 million on 18 November 2024 and (iii) US\$885 million on 30 December 2024.

On 21 January 2025, the Group (i) borrowed term loans of US\$1.0 billion under a facilities agreement (the “**2024 Facilities Agreement**”) (relating to a US\$500 million three-year term loan facility, US\$500 million five-year term loan facility, US\$250 million three-year revolving loan facility and US\$250 million five-year revolving loan facility) dated 22 November 2024 with, among others, Mizuho Bank, Ltd., Hong Kong Branch as agent, and (ii) voluntarily prepaid in full prior to its scheduled maturity date, the 2021 Facilities Agreement.

The 2023 Facility Agreement will mature on 22 February 2027, and the 2024 Facilities Agreement will mature on 21 January 2028 (for the three-year tranches) and 22 January 2030 (for the five-year tranches).

Our 2023 Facility Agreement and 2024 Facilities Agreement contain standard terms, conditions, restrictions and covenants that are customary for commercial bank loans (including change of control pre-payment triggers). We also undertake to comply with financial covenants in our 2023 Facility Agreement and 2024 Facilities Agreement that require us to meet certain financial ratio requirements such as consolidated debt to consolidated equity and consolidated tangible net assets.

Medium-term Notes, Subordinated Notes and Subordinated Dated Capital Securities

The following table summarises our outstanding medium-term notes, subordinated notes and subordinated dated capital securities as of 30 April 2025:

Issue date	Description	Nominal amount	Interest rate	Tenor
		<i>(US\$ millions)</i>		
6 December 2023	Medium-term notes	325	7.78%	10 years
5 April 2024	Subordinated notes	900	8.40%	5 years
2 July 2024	Subordinated dated capital securities	600	7.635%	7 years

2033 Notes

On 6 December 2023, we issued US\$325,000,000 in aggregate principal amount of 7.784% notes due 2033 (the “**2033 Notes**”) under our GMTN Programme. The 2033 Notes are listed on the HKEX. Interest on the 2033 Notes is payable semi-annually in arrear on 6 June and 6 December of each year, starting from 6 June 2024.

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The 2033 Notes mature on 6 December 2033. Our Company may redeem the 2033 Notes, in whole at any time, together with the interest accrued to the date fixed for redemption, at a redemption price, in respect of each 2033 Note, (i) the principal amount of such 2033 Note or, if this is higher (ii) the amount equal to the sum of the present value of the principal amount of such 2033 Note, together with the present values of the interest payable for the relevant interest periods from the relevant date fixed for redemption to the maturity date, in each case, discounted to such redemption date on a semi-annual compounded basis at the adjusted U.S. Treasury Rate plus 0.50%, all as determined by the determination agent appointed by our Company. In addition, the 2033 Notes are subject to redemption, in whole but not in part, at their principal amount, together with the interest accrued to the date fixed for redemption, at the option of our Company at any time in the event of certain changes affecting taxes of the Cayman Islands or Hong Kong.

The 2033 Notes are unsecured obligations of our Company and rank equal in right of payment without any preference among themselves and at least equal in right of payment with all other existing and future unsecured and unsubordinated obligations of our Company, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

As of 30 April 2025, the outstanding principal amount of the 2033 Notes was US\$325 million.

2029 Subordinated Notes

On 5 April 2024, we issued US\$900,000,000 in aggregate principal amount of 8.40% subordinated notes due 2029 (the “**2029 Subordinated Notes**”) under our GMTN Programme. The 2029 Subordinated Notes are listed on the HKEX. Interest on the 2029 Subordinated Notes is payable semi-annually in arrear on 5 April and 5 October of each year, starting from 5 October 2024.

The 2029 Subordinated Notes mature on 5 April 2029. Before 5 April 2029, our Company may redeem the 2029 Subordinated Notes, in whole but not in part, at the option of our Company, subject to certain provisions, (i) at their principal amount, together with interest accrued to the date fixed for redemption, at any time in the event of certain changes affecting the taxes of Cayman Islands or Hong Kong or (ii) at 101% of the outstanding principal amount of the 2029 Subordinated Notes, together with any interest accrued but unpaid to the date fixed for redemption if an initial public offering has occurred. The 2029 Subordinated Notes are unsecured and subordinated obligations of the Company and rank equal in right of payment without any preference or priority payment among themselves and with any parity obligations of our Company, which includes the June 2017 Perpetual Securities.

As of 30 April 2025, the outstanding principal amount of the 2029 Subordinated Notes was US\$900 million.

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2031 Dated Capital Securities

On 2 July 2024, we issued US\$600,000,000 in aggregate nominal amount of 7.635% Subordinated Dated Capital Securities due 2031 (the “**2031 Dated Capital Securities**”) under our GMTN Programme. The 2031 Dated Capital Securities are listed on the HKEX. The 2031 Dated Capital Securities confer upon the holders thereof a right to receive distributions for the period from and including 2 July 2024 at a rate of 7.635% per annum.

Distributions are payable semi-annually in arrear on 2 January and 2 July of each year, starting from 2 January 2025. The 2031 Dated Capital Securities mature on 2 July 2031, subject to meeting certain group capital and solvency capital requirements applicable to us. Our Company may, subject to obtaining regulatory approvals, redeem the 2031 Dated Capital Securities, in whole but not in part, at any time, together with the distribution accrued to the date fixed for redemption, at a redemption price, in respect of each 2031 Dated Capital Security, equal to the higher of (i) the principal amount of such 2031 Dated Capital Security, or (ii) the amount equal to the sum of the present value of the principal amount of such 2031 Dated Capital Security, together with the present values of the distribution payable for the relevant distribution payment dates from the relevant date fixed for redemption to the maturity date (exclusive of distribution accrued to the redemption date), in each case, discounted to such redemption date at the make whole reference rate (as determined in accordance with the terms of the 2031 Dated Capital Securities) plus 0.50%, all as determined by the determination agent appointed by our Company. In addition, subject to obtaining regulatory approvals, the 2031 Dated Capital Securities are subject to redemption, in whole but not in part, at their principal amount together with any distribution accrued to such date fixed for redemption, at the option of our Company, at any time in the event of (A) certain changes affecting taxes of the Cayman Islands or Hong Kong; or (B) if the relevant distribution payments are no longer tax deductible as a result of certain changes affecting taxes of the Cayman Islands or Hong Kong. Furthermore, upon the occurrence of certain events including a rating event or a regulatory event, our Company may, subject to obtaining regulatory approvals, redeem the 2031 Dated Capital Securities at such price in accordance with the terms of the 2031 Dated Capital Securities.

As of 30 April 2025, the outstanding principal amount of the 2031 Dated Capital Securities was US\$600 million.

Conversion Shares

Prior to the completion of Phase 2 of the Reorganisation, each of FL and FGL had outstanding ordinary shares, preference shares and convertible preference shares. We then acquired these ordinary shares, preference shares and convertible preference shares of FL and FGL in consideration for the issuance of Management Shares, Series P Conversion Shares and Series A/B-2/B-3 Conversion Shares (as relevant) in Phase 2 of the Reorganisation. We expect that upon the completion of the Global Offering, Management Shares, Series P Conversion Shares and Series A/B-2/B-3 Conversion Shares will be exchanged for our Shares.

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For details of the conversion shares, please see “*History, Reorganisation and Corporate Structure – Phase 2: Equity restructuring of security interests in FL and FGL*”, “*Share Capital*” and Note 27 to the Accountants’ Report included in Appendix 1.

Perpetual Securities

As of 30 April 2025, we had outstanding perpetual securities in an aggregate nominal amount of US\$950 million and a carrying value of US\$759 million. These perpetual securities were originally issued by FL and FGL. Our Company may, at its sole option, defer the distributions by giving notice to the holders. In the event of any distribution deferral, our Company cannot declare or pay any dividend on its ordinary or preference share capital, except if payments are declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors, or consultants. The perpetual securities have been treated as equity in the Group’s consolidated statements of financial position. If the June 2017 Perpetual Securities are redeemed, the equity and EV of the Group will be further reduced by the difference between the face value and the equity amount of these securities in the Group’s consolidated statements of financial position at such time. Our Company uses the proceeds from the issuances for general corporate purposes, potential transactions and/or repayment of the Group’s own indebtedness. During 2022, 2023 and 2024, the Group paid distributions of US\$87 million, US\$110 million and US\$112 million, respectively. See Note 27.3 to the Accountants’ Report included in Appendix I for details of perpetual securities issued and outstanding.

As of 30 April 2025, our Company had the following outstanding perpetual securities:

	Nominal Amount	Distribution rate	Tenor
	<i>(US\$ millions)</i>		
15 June 2017	500	<i>Note 1</i>	Perpetual
6 July 2017	250	<i>Note 1</i>	Perpetual
1 February 2018	200	<i>Note 2</i>	Perpetual

Notes:

- (1) 0% for first 5 years and reset to 8.045% on 15 June 2022.
- (2) 5.5% for first 5 years and reset to 6.675% on 1 February 2023.

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The following table sets forth the carrying amount of the perpetual securities as of the dates indicated:

	As of 31 December			As of 30 April
	2022	2023	2024	2025
				(Unaudited)
	(US\$ millions)			
15 June 2017	362	360	360	374
6 July 2017	179	178	178	185
1 February 2018	203	202	203	200
13 September 2019	610	608	–	–
Total perpetual securities	1,354	1,348	741	759

June 2017 Perpetual Securities

On 15 June 2017, FGL issued US\$500,000,000 in aggregate principal amount of Zero Coupon Subordinated Perpetual Capital Securities (the “**June 2017 Perpetual Securities**”). On 6 July 2017, FGL issued an additional US\$250,000,000 in aggregate nominal amount of the June 2017 Perpetual Securities, which were consolidated and formed a single series with the June 2017 Perpetual Securities issued on 15 June 2017. The June 2017 Perpetual Securities were originally issued by FGL. FGL subsequently solicited and obtained the consents of the holders of the June 2017 Perpetual Securities to amend the terms of such perpetual securities such that FGL as the initial issuer of the June 2017 Perpetual Securities was substituted with our Company. For details of the substitution of the issuer relating to the June 2017 Perpetual Securities and the other perpetual securities and debt securities, please see “– *Debt Restructuring*.” The June 2017 Perpetual Securities are listed on the HKEX. Except in certain limited circumstances, the June 2017 Perpetual Securities do not confer upon the holders thereof a right to receive distributions before 15 June 2022. After 15 June 2022, the June 2017 Perpetual Securities confer upon the holders thereof a right to receive distribution from and including 15 June 2022 at a rate of distribution expressed as a percentage per annum equalling to the sum of (i) the U.S. Treasury benchmark rate as defined in the instrument governing the June 2017 Perpetual Securities in relation to that distribution period, and (ii) the initial spread of 4.865%. Distributions are payable semi-annually in arrear on 15 June and 15 December of each year, with the first distribution payment date, except in certain circumstances, falling in June 2022. On or after 15 June 2022, the June 2017 Perpetual Securities may be redeemed at the option of our Company in whole, but not in part. In addition, the June 2017 Perpetual Securities are subject to redemption, in whole but not in part, at such price in accordance with the terms of June 2017 Perpetual Securities, at the option of our Company at any time in the event of certain changes affecting taxes of the Cayman Islands. Furthermore, upon the occurrence of certain

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events including a change of control, our Company may redeem the June 2017 Perpetual Securities at such price in accordance with the terms of June 2017 Perpetual Securities. In addition, the June 2017 Perpetual Securities may be redeemed by our Company at its option in whole, but not in part, at any time upon giving the requisite notice if an initial public offering, such as the Global Offering, has occurred.

As of 30 April 2025, the carrying value of the June 2017 Perpetual Securities was US\$559 million.

A notice was issued on 16 May 2022 announcing FGL had decided not to exercise its option to redeem the June 2017 Perpetual Securities on 15 June 2022 and as a result, the June 2017 Perpetual Securities remain outstanding following 15 June 2022. In accordance with the terms of the June 2017 Perpetual Securities, the Distribution Rate (as defined in such terms) for the period commencing from and including 15 June 2022 to but excluding 15 June 2027 will be 8.045% with distributions payable semi-annually in arrear.

2018 Perpetual Securities

On 1 February 2018, FL issued US\$200,000,000 in aggregate nominal amount of 5.50% Subordinated Perpetual Capital Securities (the “**2018 Perpetual Securities**”). The 2018 Perpetual Securities were originally issued by FL. FL subsequently solicited and obtained the consents of the holders of the 2018 Perpetual Securities to amend the terms of such perpetual securities such that FL as the initial issuer of the 2018 Perpetual Securities was substituted with our Company. For details of the substitution of the issuer relating to the 2018 Perpetual Securities and the other perpetual securities and debt securities, please see “– *Debt Restructuring*.” The 2018 Perpetual Securities are listed on the HKEX. The 2018 Perpetual Securities confer upon the holders thereof a right to receive distributions for the period from and including 1 February 2018 at an initial rate of 5.50% per annum. Subject to provisions relating to cancellation of distributions, distributions are payable semi-annually in arrear on 1 February and 1 August of each year, starting from 1 August 2018. Our Company may, at its sole discretion, elect to cancel (in whole or in part) distributions by providing holders of the 2018 Perpetual Securities with not more than 10 nor less than 5 business days’ notice prior to the relevant distribution payment date. The 2018 Perpetual Securities have no fixed final redemption date and are redeemable in whole, but not in part, at our Company’s discretion, on or after 1 February 2023, at their nominal amount, together with distributions accrued to such date fixed for redemption. After 1 February 2023, the rate of distribution will be reset every 5 calendar years to a rate of distribution expressed as a percentage per annum equalling to the sum of (i) the U.S. Treasury benchmark rate as defined in the instrument governing the 2018 Perpetual Securities in relation to that reset period, and (ii) the initial spread of 3.075%. In addition, the 2018 Perpetual Securities are subject to redemption, in whole but not in part, at their principal amount together with any distribution accrued to such date fixed for redemption, at the option of our Company at any time in the event of certain changes affecting taxes of the Cayman Islands or Hong Kong. Furthermore, upon the occurrence of certain events including a change of control, our Company may redeem the 2018 Perpetual Securities at such price in accordance with the terms of 2018 Perpetual

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Securities. In addition, the 2018 Perpetual Securities may be redeemed by our Company at its option in whole, but not in part, at any time upon giving the requisite notice if an initial public offering, such as the Global Offering, has occurred.

As of 30 April 2025, the carrying value of the 2018 Perpetual Securities was US\$200 million.

A notice was issued on 30 December 2022 announcing FL had decided not to exercise its option to redeem the 2018 Perpetual Securities on 1 February 2023 and as a result, the 2018 Perpetual Securities remain outstanding following 1 February 2023. In accordance with the terms of the 2018 Perpetual Securities, the Distribution Rate (as defined in such terms) for the period commencing from and including 1 February 2023 to but excluding 1 February 2028 will be 6.675% with distributions payable semi-annually in arrear.

Ratings

As of 31 December 2024, our Group has received the following ratings and rating outlook:

<u>Ratings</u>	<u>Moody's</u>	<u>Fitch</u>
Issuer Default Rating	Baa2/Positive	BBB+/Stable ⁽¹⁾
Insurer Financial Strength Rating	n/a	A
Notional Insurance Financial Strength Rating	A3	n/a

Note:

(1) Fitch's Issuer Default Rating assigned to our Group was subsequently affirmed in June 2025.

Debt Restructuring

To centralise the treasury functions of our Group, we restructured the outstanding indebtedness in the form of borrowings or securities of our subsidiaries, FGL and FL, such that all such indebtedness was either transferred to our Company, redeemed, repaid or refinanced.

To this end, FGL and FL solicited and obtained consents of the holders of all existing series of notes, subordinated notes and perpetual securities issued by FGL and FL, in each case to amend the terms of the relevant instrument to substitute the relevant issuer with our Company, among other things.

On 24 August 2023, FL and FGL announced that the relevant settlement conditions had been satisfied and notice was given to holders of the 2024 Notes, the 2024 Subordinated Notes, the June 2017 Perpetual Securities, the 2018 Perpetual Securities and the 2019 Perpetual Securities (collectively, the “**Flipped Up Bonds**”) that FL and FGL (as the case may

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be) had elected to proceed with the implementation of the proposals with respect to the Flipped Up Bonds. The implementation of the proposals was effected on 25 August 2023 and as such, our Company has assumed all the rights and obligations as the issuer of each of the Flipped Up Bonds with effect from 25 August 2023. For further details, please refer to the announcements made by FL and FGL with respect to the Flipped Up Bonds on the HKEX. Please also see Notes 25 and 27.3 to the Accountants' Report included in Appendix I for details of the Flipped Up Bonds.

The 2021 Facilities Agreement was also novated from FGL to our Company as of 25 August 2023.

Hedging

We follow a clearly defined hedging strategy in respect of our foreign exchange exposures. All foreign exchange related asset and liability mismatches are reviewed at Investment Committee meetings, and appropriate foreign exchange hedges are in place to ensure that local statutory solvency ratios are maintained at acceptable levels. Where foreign currency fixed income assets are used to back local currency liabilities, we hedge currency exposure by using foreign exchange forward contracts or cross currency swap contracts. For example, while all of FWD Thailand's liabilities are denominated in Thai Baht, it invests in certain assets denominated in US dollars. It uses forward currency contracts and cross currency swap contracts to hedge the currency mismatch between its liabilities to policyholders and its assets to maintain its currency exposure within an acceptable level. Similar hedging strategies are adopted by our Japan and Hong Kong (and Macau) businesses and FWD Reinsurance. Our other businesses have immaterial foreign exchange related asset and liability mismatches.

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CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Contractual Obligations

The table below summarises the future estimated cash payments related to certain contractual obligations as of 31 December 2024. The estimated payments reflected in this table are based on management's estimates and assumptions about these obligations. Because these estimates and assumptions are necessarily subjective, the actual cash outflows in future periods will vary, possibly materially, from those reflected in the table. In addition, we do not believe that our cash flow requirements can be adequately assessed based solely upon an analysis of these obligations, as the table below does not contemplate all aspects of our cash inflows, nor all aspects of our cash outflows.

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	<i>(US\$ millions)</i>				
Type of Commitments					
Long-term debt obligations ⁽¹⁾	3,772	1,205	293	1,156	1,118
IFRS 16 lease obligations ⁽²⁾	99	41	45	9	4
Investment and capital commitments ⁽³⁾	1,053	393	425	235	–
Purchase obligations ⁽⁴⁾	120	66	23	31	–
Insurance and investment contract liabilities ⁽⁵⁾	231,222	5,112	9,145	8,105	208,860
Other long-term liabilities ⁽⁶⁾	30	25	–	1	4
Total	236,296	6,842	9,931	9,537	209,986

Notes:

- (1) Amounts reflect the contractual maturities of the undiscounted cash flows (including contractual interest payments) due to be paid assuming conditions are consistent with those of 31 December 2024. These consist of bank borrowings, medium-term notes and subordinated notes and excludes the perpetual securities which, as discussed in Note 27.3 to the Accountants' Report included in Appendix I, are treated as equity for accounting purposes. Interest payments have been determined taking into account the effect of interest rate swaps used to hedge floating interest rates.
- (2) Payments on lease obligations in scope of IFRS 16 (Leases), as described in Note 2.18 to the Accountants' Report included in Appendix I.
- (3) Investments and capital commitments relate to our Group's commitments to invest in private equity partnerships.
- (4) These purchase obligations are discussed below in "– Other commitments."

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- (5) Amounts shown represent estimated undiscounted cash flows in respect of our insurance and investment contracts. These primarily relate to the expected payment of death and disability claims, policy surrenders and withdrawals, policyholder dividends and policy maturities. These estimated cash flows are based on our current mortality, morbidity, lapse and investment return assumptions. They include expected commission payments on the policies in-force and exclude projected recoveries from reinsurance agreements. They are undiscounted and therefore exceed the liabilities arising from insurance and investment contracts included in the consolidated balance sheet.
- (6) Consists of distribution agreement payables (excluding those contingent on future channel performance) and other payables.

Other Commitments

In addition to our commitments to invest in private equity partnerships as outlined under “– *Contractual Obligations*”, as of 31 December 2024, we have committed to making the following investments and business acquisitions, which are presented as purchase obligations in the above table of contractual obligations:

- as of 31 December 2024, we have planned to invest US\$46 million in Malaysia;
- as of 31 December 2024, we have agreed to make additional payments in aggregate amounts of up to US\$31 million, in relation to acquisitions;
- as of 31 December 2024, we had a capital expenditure commitment of US\$43 million relating to the extension of a distribution right in the Philippines; and
- we have funded and expect to continue to fund our contractual obligations and other commitments by using cash generated by our operating activities, bank borrowings and other funds raised from issuing debt and equity securities.

OFF-BALANCE SHEET OBLIGATIONS AND CONTINGENT LIABILITIES

We do not have any outstanding off-balance sheet arrangements. Other than those incurred in the normal course of our insurance business and disclosed in the financial statements, there were no outstanding contingent liabilities as of 31 December 2024.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into a number of related party transactions from time to time, details of which are set forth in Note 33 to the Accountants’ Report included in Appendix I. Our Directors have confirmed that all business transactions with related parties were conducted in the ordinary course of business and on an arm’s length basis. They did not have a material impact on our results of operations during the Track Record Period. All non-trade balances will be settled prior to listing, other than certain transactions identified in Note 33 to the Accountants’ Report included in Appendix I.

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QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

Market risk arises due to fluctuations in market prices and rates. We are exposed to a variety of market risks, including, but not limited to, interest rate risk, equity market price risk, foreign exchange rate risk and liquidity risk.

Interest Rate Risk

Our exposure to interest rate risk predominantly arises from any difference between the duration of our assets and liabilities. This exposure is heightened in products with inherent interest rate options or guarantees. We seek to manage our interest rate risk by ensuring appropriate product design and underlying assumptions as part of our product approval process and by matching, to the extent possible and appropriate, the duration of our investment assets with the duration of our insurance contracts. Given the long duration of policy liabilities and the uncertainty of future cash flows arising from these contracts, it is challenging to acquire assets that will perfectly match the policy liabilities. This results in interest rate risk, which is managed and monitored by our ALMCO. See “*Business – Investments and Asset Management*.” The duration of interest-bearing financial assets is regularly reviewed and monitored by referencing the estimated duration of insurance contract liabilities.

The sensitivity analysis below illustrates the estimated impact on profits and shareholder’s equity arising from a change in a single variable before taking into account the effects of taxation, details of which are set forth in Note 29 to the Accountants’ Report included in Appendix I.

	Year ended 31 December		
	2022	2023	2024
	(US\$ millions)		
Interest rate risk – Impact on PBT			
+50 basis points shift in yield curves	26	(10)	17
-50 basis points shift in yield curves	(43)	(17)	(24)
Interest rate risk – Impact on other components of equity (before the effects of taxation)			
+50 basic points shift in yield curves	109	(104)	(194)
-50 basis points shift in yield curves	(111)	133	226

Equity Market Price Risk

Our equity market price risk exposure relates to financial assets and liabilities whose values fluctuate as a result of changes in equity market prices. We manage these risks by setting and monitoring investment limits by asset types and sectors. Our principal equity

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market price risk relates to movement in the fair value of our equity securities and interests in investment funds. The sensitivity analysis below illustrates the estimated impact on profits and shareholder's equity arising from a change in a single variable before taking into account the effects of taxation, details of which are set forth in Note 29 to the Accountants' Report included in Appendix I.

	Year ended 31 December		
	2022	2023	2024
	<i>(US\$ millions)</i>		
Equity market price risk – Impact on PBT			
10% increase in equity prices	153	164	128
10% decrease in equity prices	(157)	(179)	(133)
Equity market price risk – Impact on other components of equity (before the effects of taxation)			
10% increase in equity prices	–	1	1
10% decrease in equity prices	–	(1)	(1)

Foreign Exchange Rate Risk

We are exposed to foreign exchange rate risks as a result of having business operations in various jurisdictions and from financial assets and liabilities that are denominated in foreign currencies. Our financial assets are predominantly denominated in the same currencies (or, in the case of Hong Kong, US dollars) as our insurance liabilities, which serves to mitigate the foreign exchange rate risk. The level of currency risk we take on is managed and monitored by our ALMCO, through regular monitoring of currency positions of financial assets and insurance contracts.

In some markets, primarily in Thailand and Japan, where most of the assets backing the underlying liabilities are in the same local currencies, we also have liabilities on a local statutory basis that are backed by assets in other foreign currencies. Taking into account a much deeper pool of assets available in US dollars, these assets are mainly US dollar-denominated assets. Such currency mismatches are handled through hedging programmes that target minimising the mismatch on a local statutory basis for local solvency purposes.

Liquidity Risk

We are exposed to liquidity risk in respect of insurance contracts that permit surrender, withdrawal or other forms of early termination for a cash surrender value specified in the contractual terms and conditions. To manage liquidity risk, we have implemented a variety of measures, with an emphasis on flexible insurance product design, so that we can retain the

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greatest flexibility to adjust contract pricing or crediting rates. We also seek to match, to the extent possible and appropriate, the duration of our investment assets with the duration of our insurance contracts. We perform regular monitoring of our liquidity position through cash flow projections.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

We have identified below certain accounting policies and estimates that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes 2 and 3 to the Accountants' Report included in Appendix I.

IFRS 17 Insurance Contracts (for the 2024, 2023 and 2022 Financial Information)

IFRS 17 Insurance Contracts has replaced IFRS 4 Insurance Contracts effective as of 1 January 2023, and has materially changed the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in our consolidated financial statements.

Under IFRS 17, insurance contracts are measured by the general model which is based on a discounted cash flow model with an explicit risk adjustment, and a contractual service margin that defers unearned profits. The deferred profit is recognised gradually over time when insurance contract services are provided to policyholders. The general model is supplemented by the variable fee approach for contracts that meet certain requirements and provide insurance coverage together with substantial investment-related service, and the premium allocation approach that applies to short-duration contracts. The Group expects to use all three measurement model approaches given the variety of insurance products sold and the number of jurisdictions in which the Group operates in.

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The insurance contracts are presented in the statement of financial position as the sum of the discounted future cash flows, the risk adjustment and the contractual service margin. The asset for deferred acquisition costs and other insurance related receivables will no longer be separately presented as they will be included in the insurance contract liabilities measurement under IFRS 17.

Insurance revenue is no longer measured by premium, but recognised by the provision of services to policyholders throughout the term of the insurance contracts. Additionally, IFRS 17 has introduced a new presentation format for the statement of comprehensive income with a disaggregation between insurance service result and insurance finance income and expenses. Reinsurance outward results are also required to be shown separate to inward business. There will be extensive disclosures to reconcile the movements in insurance contract assets and liabilities with the income and expenses in the statement of comprehensive income.

The effective date of IFRS 17 is for annual reporting periods beginning on or after 1 January 2023, with retrospective application and restatement of comparative figures required. If full retrospective application to a group of contracts is impracticable, IFRS 17 requires using either the modified retrospective approach that allows certain specific modifications, or the fair value approach. The Group expects to make use of all three transition approaches given the varying length of history of the in-force business.

IFRS 17 requires significant changes to the accounting policies for insurance contract liabilities, and also requires enhancements to the IT, finance and actuarial systems of the Group. The Group has completed the preparation of the opening statement of financial position as of 1 January 2022 and the restatement of results for the year ended 31 December 2022 under IFRS 17.

Level of Aggregation and Recognition of Group of Insurance Contracts

For contracts issued to which the Group does not apply the premium allocation approach, the judgements exercised in determining whether contracts are not onerous on initial recognition would have no significant possibility of becoming onerous subsequently are:

- based on the likelihood of changes in assumptions which, if they occurred, would result in the contracts becoming onerous; and
- using information about profitability estimation for the relevant group of products.

Insurance Contracts not Measured under the Premium Allocation Approach

Measurement

The asset or liability for groups of insurance contracts is measured as the total of fulfilment cash flows and CSM.

The fulfilment cash flows of insurance contracts (including investment contracts with DPF) represents the present value of estimated future cash outflows, less the present value of estimated future cash inflows and adjusted for a provision for the risk adjustment for non-financial risk. The assumptions used and the techniques for estimating fulfilment cash flows and risk adjustment for non-financial risk are based on actual experience by each geographical market and policy form. The Group exercises significant judgement in making appropriate assumptions and techniques.

CSM represents the unearned profits that the Group will recognise as it provides services under the insurance contracts in a group. The amounts of CSM recognised in profit or loss are determined by identifying the coverage units in the group, allocating the CSM at the end of period equally to each coverage unit provided in the current period and expected to be provided in the future. The number of coverage units in a group is the quantity of the services provided by the contracts in the group, determined by considering for each contract the quantity of the services provided under a contract and its expected coverage period. The Group exercises judgements in determining the quantity of the services provided under a contract which will affect the amounts recognised in the consolidated financial statements as insurance revenue from insurance contracts issued.

The judgements exercised in the valuation of insurance contracts (including investment contracts with DPF) affect the amounts recognised in the consolidated financial statements as assets or liabilities of insurance contracts and investment contracts with DPF.

Determination of Coverage Unit

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage period and time value of money.

The quantity of services provided by insurance contracts could include insurance coverage, investment-return service and investment-related service, as applicable. In assessing the services provided by insurance contracts, the terms and benefit features of the contracts are considered.

For contracts providing predominately insurance coverage, the quantity of services is determined for the contract as a whole based on the expected maximum benefits less investment component. For contracts providing multiple services, the quantity of services is

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determined based on the benefits provided to policyholder for each service with the relative weighting considered in the calculation through the use of factors. Relevant elements are considered in determining the quantity of service including among others, benefit payments and premiums. The Group applies judgement in these determinations.

Expected coverage period is derived based on the likelihood of an insured event occurring to the extent they affect the expected duration of contracts in the group. Determining the expected coverage period is judgemental since it involves making an expectation of when claims and lapse will occur.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into separate measurement categories: those measured as at fair value with changes either recognised in profit or loss or in other comprehensive income and those measured at amortised cost. The determination is made at initial recognition depending on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. In addition, a revised expected credit losses model will replace the incurred loss impairment model in IAS 39.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. In addition, the new standard revises the hedge accounting model to more closely align with the entity's risk management strategies. The IASB made further changes to two areas of IFRS 9. Financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if the cash flow represents solely payments of principal and interest ("SPPI"). Non-substantial modifications or exchange of financial liabilities that do not result in derecognition will be required to be recognised in profit or loss.

The standard is mandatorily effective for financial periods beginning on or after 1 January 2019. Amendments to IFRS 4 Insurance Contracts allow a temporary exemption option for companies whose activities are predominantly connected with insurance to defer the effective date of IFRS 9 until the earlier of the effective date of IFRS 17 and financial reporting periods beginning on or after 1 January 2023. The Group has elected to apply the temporary exemption option to defer the effective date of IFRS 9 in order to implement the changes in parallel with IFRS 17 Insurance Contracts.

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Investment Contract Liabilities (for Investment Contracts without DPF)

We account for deposits collected and benefit payments received under investment contracts without DPF directly through our consolidated statement of financial position as an adjustment to the investment contract liability, which reflects the account balance. The majority of our contracts classified as investment contracts are unit-linked contracts, with measurement directly linked to the underlying investment assets, which are portfolios maintained to meet specific investment objectives of policyholders who generally bear the credit and market risks on those investments. We record those liabilities at fair value, determined with reference to the accumulation value (current unit value) and an unearned revenue liability and sales inducement liability, where applicable. The costs of policy administration, investment management, surrender charges and certain policyholder taxes assessed against customers' account balances are included in revenue in the period in which they are received unless they relate to services to be provided in future periods, in which case they are deferred and recognised as the service is provided.

Non-unit-linked investment contract liabilities are carried at amortised cost, being the fair value of consideration received at the date of initial recognition, less the net effect of principal payments such as transaction costs and front-end fees, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity value, and less any write-down for surrender payments. The effective interest rate equates the discounted cash payments to the initial amount. At each reporting date, we measure unearned revenue liability based on the value of the future best estimate cash flows discounted at the effective interest rate. We immediately recognise any adjustment as income or expense in the consolidated income statement. The amortised cost of the financial liability is never recorded at less than the amount payable on surrender, discounted for the time value of money where applicable, if the investment contract is subject to a surrender option.

Fair Value of Financial Assets

The Group determines the fair values of financial assets traded in active markets using quoted bid prices as of each reporting date. The fair values of financial assets that are not traded in active markets are typically determined using a variety of other valuation techniques, such as prices observed in recent transactions and values obtained from current bid prices of comparable investments. More judgement is used in measuring the fair value of financial assets for which market observable prices are not available or are available only infrequently.

The degree of judgement used in measuring the fair value of financial assets generally correlates with the level of pricing observability. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and general market conditions.

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Changes in the fair value of financial assets held by the Group's participating funds affect not only the value of financial assets, but are also reflected in corresponding movements in insurance and investment contract liabilities. This is due to an insurance liability being recorded for the proportion of the net assets of the participating funds that would be allocated to policyholders if all relevant surplus at the date of the consolidated statement of financial position were to be declared as a policyholder dividend based on current local regulations. Both of the foregoing changes are reflected in the consolidated income statements.

Changes in the fair value of financial assets held to back the Group's unit-linked contracts result in a corresponding change in insurance and investment contract liabilities. Both of the foregoing changes are also reflected in the consolidated income statements.

Share-Based Compensation and Valuation of Share Awards including Options

During the Track Record Period, pursuant to the Share Option and RSU Plan, we have offered share awards including options to reward certain key employees and eligible participants for their services and achievement of shareholder value targets. The Share Option and RSU Plan is an equity-settled plan. Under an equity-settled share-based compensation plan, the fair value of the employees' services received in exchange for the award of share awards including options is recognised as an expense in profit or loss over the vesting period with a corresponding amount recorded in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share awards including options awarded on respective grant dates and an assessment of performance conditions. The Board adopted the Share Award Plan and the Employee Share Purchase Plan on 30 January 2022 (and amended by the Board on 27 February 2023 with further minor amendments made on 8 August 2024 and on 16 May 2025) to provide our Company with flexibility to incentivise and retain talent. See "*Statutory and General Information – D. Equity Incentive Plans*" set forth in Appendix V.

We estimate the fair value of the awards using appraisal value method (EV plus a multiple of VNB) and market valuation approach, where applicable, for the RSUs and the Black-Scholes model for the share options, taking into account the terms and conditions upon which the awards were granted. In the case of share options, our use of the Black-Scholes option-pricing model requires the input of subjective assumptions, including dividend yield, expected share price volatility, risk free interest, expected term of the options and appraisal value of our share price. These assumptions and estimates are as follows:

- *Fair value appraisal* – Because our ordinary shares have not been publicly traded, we must estimate the fair value of our shares. Our Board of Directors considers numerous objective and subjective factors to determine the fair value of our ordinary shares as awards are approved, including utilising third-party valuations to assist with the determination of the estimated fair-market value and ordinary share price.

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- *Expected dividend yield* – The annual rate of dividends is expressed as a dividend yield which is a constant percentage of the stock price. We use an expected dividend yield of zero.
- *Expected term* – The expected life of an option represents the period of time that an option is expected to be outstanding. The expected term of an award is determined using the simplified method for plain vanilla options, consistent with applicable accounting guidance.
- *Risk-free interest rate* – The risk-free interest rate is based on the rate of U.S. treasury securities with maturities consistent with the estimated expected term of the awards.
- *Expected volatility* – As we do not have a trading history of our ordinary shares, there is no historical basis of the stock volatility. Accordingly, the expected volatility is based primarily on the historical volatilities of similar entities' shares over the most recent period commensurate with the estimated expected term of the awards.

The determination of fair value of share awards including options and the assessment of achievement of performance conditions are inherently subjective, and would affect the amounts we recognise in the consolidated financial statements as share-based payment expense and share-based payment reserve. If factors change and different assumptions are used, our share-based compensation expense could be materially different in the future.

Fair Value of Investment Property

The Group uses independent professional valuers to determine the fair value of investment property on the basis of the highest and best use of the investment property that is physically possible, legally permissible and financially feasible. In most cases, current use of the investment property is considered to be the highest and best use for determining the fair value. The discounted cash flow approach is used by reference to net rental income allowing for reversionary income potential to estimate the fair value of the investment property.

Impairment of Goodwill and other Intangible Assets

For the purposes of impairment testing, goodwill and other intangible assets are grouped into cash-generating units or groups of cash generating units. We test these assets for impairment by comparing the carrying amount of the asset or cash-generating unit (group of units), including goodwill, to the recoverable amount of that asset or cash-generating unit (group of units). The determination of the recoverable amount requires significant judgment regarding the selection of appropriate valuation techniques and assumptions.

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Income Taxes

Significant management judgment on the future tax treatment of certain transactions is required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account developments in tax laws. Tax laws evolve overtime, and in some cases taxation positions are uncertain because the tax laws are subject to varied interpretation. When this is the case, management seeks to adopt a supportable and prudent tax treatment after consultation with professional tax advisers. However, as judicial and non-judicial interpretations develop, these taxation positions may change in the future.

Valuation of Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits with future tax planning strategies.

Impairment of Financial Assets

The Group recognises loss allowances for ECL on financial assets measured at amortised cost and debt securities measured at FVOCI. The measurement of ECL uses probability weighted forward-looking models with significant assumptions about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk since initial recognition;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the methodology for incorporating forward-looking information into the measurement of ECL.

When determining whether the credit risk (i.e. risk of default) on a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's experience, credit assessment performed by internal and external experts and forward-looking information. The Group determines a significant increase in credit risk based on various criteria for different categories of assets, including rating notch downgrade, days past due, expert judgement and other qualitative factors.

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The Group has assumed that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of “investment-grade”, with credit rating equivalent to be Baa3 or above. As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due, unless there are other indications that there is no significant increase in credit risk.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group is prepared in accordance with Rule 4.29 of the Listing Rules and set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to the Shareholders of the Company as of 31 December 2024 as if the Global Offering had taken place on 31 December 2024.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 31 December 2024 or at any future date. See “Appendix II – Unaudited Pro Forma Financial Information.”

	Consolidated net tangible Assets attributable to Shareholders of the Company as of 31 December 2024	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible Assets attributable to Shareholders of the Company	Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of the Company per Share (Note 5, 6)	
	Note 1 (US\$ in million)	Note 2 (US\$ in million)	(US\$ in million)	Note 3 (US\$)	Note 4 (HK\$)
Based on the Offer Price of HK\$38.00 per share	2,927	408	3,335	2.62	20.47

Notes:

- (1) The consolidated net tangible assets attributable to Shareholders of the Company as of 31 December 2024 is based on the consolidated total equity attributable to Shareholders of the Company of US\$6,012 million as of 31 December 2024, after deducting intangible assets of US\$3,085 million, as shown in the Accountants’ Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are calculated based on the Offer Price of HK\$38.00 per Share, after deduction of the underwriting fees and other estimated expenses related to the Global Offering paid or payable by the Company (excluding listing expenses of US\$29.3 million (equivalent to approximately HK\$228.5 million) which have been charged to the consolidated income statement of the Group during the Track Record Period) and do not take into account any Shares which may be issued upon exercise of the Over-allotment Option.

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The estimated net proceeds from the Global Offering are converted into US dollars at an exchange rate HK\$7.80 to US\$1.00. No representation is made that US-dollar denominated amounts have been, could have been, or could be converted to Hong Kong dollars, or vice versa, at the rate applied or at any other rates or at all.

- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of the Company per Share is arrived at after adjustments as described in Notes (1) and (2) and on the basis that 1,271,003,877 Shares were in issue assuming the completion of the Global Offering (including the Share Consolidation as described in the section headed “*Share Capital – Share Consolidation*”, but without taking into account (i) any Shares which may be issued upon exercise of the Over-allotment Option.
- (4) For the purpose of the unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of the Company, the balances stated in US dollars are converted into Hong Kong dollars at a rate of US\$1.00 to HK\$7.80. No representation is made that US-dollar denominated amounts have been, could have been, or could be converted to Hong Kong dollars, or vice versa, at the rate applied or at any other rates or at all.
- (5) In calculating the per share numbers, adjustments have been made to reflect the impact of the FFI 2025 Transaction subsequent to 31 December 2024. Pursuant to the FFI 2025 Transaction, Future Financial Investment will waive its entitlement to receive Shares in connection with a portion of its holding in Series A Conversion Shares, such portion being 1,440,291 Series A Conversion Shares (which will not be issued by the Company) upon completion of Phase 3 and the Global Offering. For further details, please see “*History, Reorganisation and Corporate Structure – Pre-IPO Investments – Transfer of Series A Conversion Shares from Future Financial Investment to PCGI Holdings.*”
- (6) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2024.

DIVIDENDS, DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

Our Company has not declared or made any dividend or other distribution to its Shareholders in the past and it does not have any present plan to declare or pay any dividends on its ordinary shares in the foreseeable future. The Group currently intends to retain most, if not all, of available funds and any future earnings to operate and expand the business. Any other future determination to pay dividends will be made at the discretion of our Board and subject to our constitutional documents and applicable laws and regulations. If we decide to pay dividends, the form, frequency and amount may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Board may deem relevant.

Our Company may declare and pay dividends out of our distributable reserves and/or our share premium account pursuant to and subject to the laws of the Cayman Islands and the Articles of Association.

As of 31 December 2024, our Company did not have any distributable reserves, and the amount standing to the credit of our share premium account was US\$9 billion.

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DISCLOSURE REQUIRED UNDER THE LISTING RULES

Save for the change of control provisions disclosed in the “– *Indebtedness – Borrowings*” above, the Directors have confirmed that as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Hong Kong Listing Rules.

NO BUSINESS INTERRUPTION

The Directors confirm that there has not been any interruption in our business which may have or has had a significant effect on our financial position in the 12 months preceding the date of this prospectus.

RECENT DEVELOPMENTS

Performance Highlights for the Three Months Ended 31 March 2025

Set out below are selected highlights of our financial and business performance in the three months ended 31 March 2025. Our Reporting Accountants have carried out procedures over the financial information of the Group for the three months ended 31 March 2025 in accordance with ISRE 2410.

Our new business growth, as measured by new business CSM, APE and VNB, increased by 54.5%, 45.9% and 31.9%, respectively, on a CER basis, from the three months ended 31 March 2024 to the three months ended 31 March 2025. These increases were primarily driven by an increase in both offshore and onshore sales in Hong Kong.

Our CSM balance, comprehensive tangible equity and embedded value increased by 7.3%, 4.9% and 6.5%, respectively, on a CER basis, from 31 December 2024 to 31 March 2025, supported by strong growth in new business and positive operating variances.

Growth – New business CSM

Our new business CSM increased by 54.5% on a CER basis from US\$297 million in the three months ended 31 March 2024 to US\$465 million in 2025, primarily due to (i) APE growth driven by an increase in both offshore sales and onshore sales in Hong Kong, and (ii) continued expense discipline.

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The following table presents new business CSM and the growth rates (on a CER basis) for each of our reporting segments for the periods indicated:

	Three months ended 31 March		
	2024	2025	YoY Change
	<i>(US\$ millions, except for percentages)</i>		
Hong Kong (and Macau)	74	261	252.7%
Thailand (and Cambodia)	128	112	(17.1)%
Japan	42	51	25.0%
Emerging Markets	53	41	(20.5)%
Total new business CSM	297	465	54.5%

Growth – APE

Our APE increased by 45.9% on a CER basis from US\$460 million in the three months ended 31 March 2024 to US\$679 million in the three months ended 31 March 2025, primarily due to (i) an increase in both offshore sales and onshore sales in Hong Kong, and (ii) sales growth in Emerging Markets, particularly through our partnership with Bank BRI and in the Philippines.

The following table presents APE and the growth rates (on a CER basis) for each of our reporting segments for the periods indicated:

	Three months ended 31 March		
	2024	2025	YoY Change
	<i>(US\$ millions, except for percentages)</i>		
Hong Kong (and Macau)	152	370	143.4%
Thailand (and Cambodia)	181	170	(10.7)%
Japan	31	30	(0.0)%
Emerging Markets	95	109	17.3%
Total APE	460	679	45.9%

Growth – VNB

Our VNB increased by 31.9% on a CER basis from US\$215 million in the three months ended 31 March 2024 to US\$287 million in the three months ended 31 March 2025, primarily due to APE growth in Hong Kong.

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The following table presents VNB and the growth rates (on a CER basis) for each of our reporting segments for the periods indicated:

	Three months ended 31 March		
	2024	2025	YoY Change
	<i>(US\$ millions, except for percentages)</i>		
Hong Kong (and Macau)	72	167	132.4%
Thailand (and Cambodia)	89	73	(21.6)%
Japan	22	21	(0.7)%
Emerging Markets	32	26	(16.1)%
Total VNB	215	287	31.9%

Analysis of CSM

Our CSM balance as of 31 March 2025 was US\$5,644 million. New business CSM contributed US\$436 million. Operating variances and assumption changes of US\$26 million is attributable to operating variances and is higher than the operating variances of US\$10 million recorded in the twelve months ended 31 December 2024. US\$166 million of CSM was released into the insurance service result.

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The following table provides a breakdown of our CSM balance and net CSM balance for the three months ended 31 March 2025:

	Three months ended 31 March 2025
	<i>(US\$ millions)</i>
Opening CSM balance	5,174
New business CSM ⁽¹⁾	436
Interest accretion	15
Operating variances and assumption changes	26
CSM release	(166)
Operating change in CSM	<u>312</u>
Economic variances and assumption changes	72
Foreign exchange	88
Others	(2)
Closing CSM balance	<u>5,644</u>
Net CSM balance	<u><u>4,619</u></u>

Note:

- (1) New business CSM is the IFRS new business CSM figure, which excludes the impact of the Group's investment in BRI Life, which is accounted for as an investment in associate under IFRS and includes the impact of one-off new reinsurance contracts that covers in-force business. For avoidance of doubt, the new business CSM presented on an actual, as-reported basis.

Analysis of Comprehensive Tangible Equity (Non-IFRS Measure)

Our comprehensive tangible equity (non-IFRS measure) increased by 4.9% on a CER basis from US\$7,162 million as of 31 December 2024 to US\$7,652 million as of 31 March 2025, primarily due to (i) new business growth, and (ii) positive operating variances.

Analysis of Embedded Value

Our embedded value increased by 6.5% on a CER basis from US\$5,569 million as of 31 December 2024 to US\$6,066 million as of 31 March 2025, primarily due to (i) growth in new business and in-force business, and (ii) positive operating variances, including a positive operating expense and commission variance of US\$29 million.

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The following table provides a breakdown of our embedded value for the three months ended 31 March 2025:

	Three months ended 31 March 2025
	<i>(US\$ millions)</i>
Opening EV (1)	5,569
Acquisitions & partnerships/Discontinued business (2)	–
Expected return on EV (3)	141
VNB (4)	288
Operating variance and operating assumption change (5) = (6) + (7) + (8)	56
Operating variance – claims/persistency/expense (6)	57
Operating variance – Others (7)	3
Operating assumption change (8)	(4)
	<hr/>
Total EV operating profit (9) = (3) + (4) + (5)	484
	<hr/>
Economic variance and economic assumption change (10) = (11) + (12)	21
Economic variance (11)	21
Economic assumption change (12)	–
	<hr/>
Other non-operating variance (13)	(20)
	<hr/>
Total EV profit (14) = (9) + (10) + (13)	485
Capital movements (15)	–
Corporate centre expenses (16)	(35)
Financing (17)	(77)
Foreign exchange movement (18)	124
	<hr/>
Closing EV (19) = (1) + (2) + (14) + (15) + (16) + (17) + (18)	6,066

Figures may not be additive due to rounding.

Risk and Capital

In 2025 to date, net capital contributions from Hong Kong (and Macau), Thailand (and Cambodia) and Japan were US\$250 million, US\$225 million and US\$95 million, respectively, the majority of which were dividends received from the operating subsidiaries. Net capital contributions to our Emerging Markets were US\$35 million.

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NO MATERIAL ADVERSE CHANGE

The Directors believe that, having performed reasonable due diligence on the Group, there has been no material adverse change in our financial or trading position since 31 December 2024 and up to the date of this prospectus.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. Based on the Offer Price of HK\$38.00 per Share and no exercise of the Over-allotment Option, we estimate that we have or will incur listing expenses of approximately US\$66.4 million (equivalent to approximately HK\$517.6 million, accounting for 14.9% of our gross proceeds from the Global Offering), of which approximately US\$28.3 million (equivalent to approximately HK\$220.7 million) is directly attributable to the issue of the Shares to the public and is expected to be accounted for as a deduction from equity premium directly upon Listing, and approximately US\$38.1 million (equivalent to approximately HK\$297.0 million) has been or is expected to be expensed. The estimated listing expenses consists of (i) underwriting-related expenses (including underwriting fees and commissions) of US\$17.8 million (equivalent to approximately HK\$138.8 million), (ii) fees and expenses of legal advisers and accountants of US\$31.9 million (equivalent to approximately HK\$249.1 million), and (iii) other fees and expenses of US\$16.6 million (equivalent to approximately HK\$129.7 million). The estimated listing expenses components have been subject to rounding adjustments, and therefore do not aggregate to the total estimated amount. As of 31 December 2024, we incurred US\$37.5 million (equivalent to approximately HK\$292.6 million) of expenses relating to the Listing, of which US\$29.3 million (equivalent to approximately HK\$228.5 million) has been charged to the consolidated income statement of the Group and US\$8.2 million (equivalent to approximately HK\$64.1 million) is expected to be accounted for as a deduction from equity premium directly upon Listing.

EMBEDDED VALUE

To enhance investors' understanding of our economic value and profitability, we have disclosed information regarding our embedded value, as discussed below. These measures are determined on a discounted cash flow valuation using commonly applied actuarial methodologies and based on certain assumptions as outlined in the Actuarial Consultant's Report. There is no single adopted standard for the determination or presentation of the embedded value of a life insurance company. Because of the technical complexity involved in these calculations and the fact that these estimates vary materially with any change in key assumptions, you should read the following discussion as well as the Actuarial Consultant's Report set out in Appendix III in their entirety, including the assumptions and limitations described therein, interpret the embedded value results with special care and seek the advice of experts familiar with the interpretation of embedded value results. The estimates contained herein and therein involve risks and uncertainties and are subject to change based on various factors, including those discussed under the captions "Risk Factors", "Responsibility Statement and Forward-Looking Statements" and "Financial Information".

We report our results of operations in accordance with IFRS. The embedded value method is a commonly adopted method of measuring the consolidated value of shareholders' interest in the in-force business of an insurance company. It is an estimate of the economic value of life insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to future new business. In addition, VNB represents the value to shareholders arising from the new business issued in the last 12 months.

We have engaged Milliman, a third-party actuarial consulting firm, to prepare a report on its review of our embedded value as at 31 December 2022, 2023 and 2024 and the value of new business in respect of new policies issued for the 12 months ended 2022, 2023 and 2024, as calculated by us. A copy of the Actuarial Consultant's Report is included in Appendix III. Except as specifically stated in the Actuarial Consultant's Report, Milliman has performed no audits, assessments or independent verification of the data, information and assumptions furnished to it by us. To the extent that there are any material errors in the information provided, the results of Milliman's analysis would be affected, possibly materially. The principal materials provided by us and relied upon by Milliman are listed in Appendix B to the Actuarial Consultant's Report included in Appendix III. The Actuarial Consultant's Report provides further information regarding Milliman's use of, and reliance on, the data and information supplied to it, as well as a more detailed description of the embedded value methodology and assumptions employed in the Actuarial Consultant's Report and the assumptions and limitations covering its work.

The Actuarial Consultant's Report includes information to illustrate the sensitivity of EV and VNB to changes in key assumptions, given the particular uncertainties associated with the future investment environment and other future operational uncertainties in relation to our portfolio of policies. We advise you to consider this information in order to gain an

EMBEDDED VALUE

understanding of the impact on the EV and VNB of differences between actual future experience and individual assumptions underlying the calculations. The sensitivities shown for each element of future investment and operational experience do not encompass the full range of potential outcomes.

The embedded value results are not intended to represent an opinion of market value and should not be interpreted in that manner. Actual market value is determined by investors, based on many factors. In particular, embedded value does not include the potential contribution arising from future new business which will depend on, among other things, the prospects of the Pan-Asian life insurance market, our future position in this market and the profitability of future new business.

The embedded value results are presented as at the valuation dates referenced above and are based on a series of assumptions as to the future. Except where otherwise stated in the Actuarial Consultant's Report included in Appendix III, the figures quoted therein as at any valuation date do not make allowance for any developments after such date. It should be recognised that actual future results may vary from those shown, on account of changes in the operating and economic environments and natural variations in experience and such differences may be material. No warranty is given that future experience will be in line with the assumptions made.

SHARE CAPITAL

SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company immediately following the completion of the Global Offering:

Before the Share Consolidation

(i) Authorised share capital

Number	Description of Shares	Approximate aggregate nominal value of shares
2,500,000,000	Shares of par value of US\$0.01 each as at the date of this prospectus	US\$25,000,000

(ii) Issued and to be issued, fully paid or credited to be fully paid

939,953,815	Shares of par value of US\$0.01 each in issue as at the date of this prospectus	US\$9,399,538.15
2,594,663,913	Shares to be issued pursuant to Phase 3 of the Reorganisation ⁽¹⁾	US\$25,946,639.13

After the Share Consolidation

(i) Authorised share capital

1,700,000,000	Shares of par value of US\$0.03 each immediately upon completion of the Share Consolidation	US\$51,000,000
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(1) The 2,594,663,913 Shares to be issued pursuant to Phase 3 of the Reorganisation (which will be 864,887,971 Shares after the Share Consolidation) comprise, based on the assumptions set out on page 478:

- (i) 1,426,903,869 Shares (which will be 475,634,623 Shares after the Share Consolidation), as converted from 69,578,760 Series A Conversion Shares;
- (ii) 107,140,482 Shares (which will be 35,713,494 Shares after the Share Consolidation), as converted from 7,588,050 Series B-2 Conversion Shares; and
- (iii) 1,060,619,562 Shares (which will be 353,539,854 Shares after the Share Consolidation), as converted from 118,917,000 Series B-3 Conversion Shares.

SHARE CAPITAL

(ii) Issued and to be issued, fully paid or credited to be fully paid

313,317,936	Shares of par value of US\$0.03 each in issue immediately following the Share Consolidation	US\$9,399,538.08
864,887,971	Shares issued pursuant to Phase 3 of the Reorganisation (as adjusted after the Share Consolidation)	US\$25,946,639.13
1,455,870	Shares of par value of US\$0.03 each to be issued to Directors and a former director pursuant to satisfaction of certain Pre-IPO Awards (as adjusted after the Share Consolidation) ⁽²⁾	US\$43,676.10
91,342,100	Shares of par value of US\$0.03 each to be issued pursuant to the Global Offering (as adjusted after the Share Consolidation)	US\$2,740,263.00
1,271,003,877	Total	US\$38,130,116.31

ASSUMPTIONS

The above table assumes that (a) Phase 3 of the Reorganisation, the Share Consolidation, the issue of Shares to Directors and a former director pursuant to satisfaction of certain Pre-IPO Awards and the Global Offering have become unconditional and completed; (b) in accordance with Phase 3 of the Reorganisation, the Management Shares, Series P Conversion Shares and Series A/B-2/B-3 Conversion Shares are converted to Shares based on the Offer Price and the expected Listing Date of 7 July 2025; (c) the relevant number of Shares to be issued (i) to Directors and a former director; and (ii) pursuant to the Pre-IPO Awards Shares Issuance, in satisfaction of the outstanding Pre-IPO Awards, is calculated based on the Offer Price; and (d) the Over-allotment Option is not exercised; and not taking into account any Shares which may be issued after the date of this prospectus to satisfy any exercise of any option granted or to be granted under the Pre-IPO Awards (other than those to be issued to Directors and a former director on the Listing Date pursuant to satisfaction of certain Pre-IPO Awards as aforementioned), or issued or repurchased by our Company pursuant to the general mandates granted to the Directors to issue or repurchase shares. For further details in respect of calculations of the number of Shares converted from Management Shares, Series P Conversion Shares and Series A/B-2/B-3 Conversion Shares as a result of Phase 3 of the Reorganisation, please refer to the section headed “*History, Reorganisation and Corporate Structure – Reorganisation – Phase 3: Conversion of Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares into Shares*”.

(2) For further details, please refer to the Pre-IPO Awards granted in the form of RSUs to Directors and a former director of our Company pursuant to the Share Option and RSU Plan as described in the section headed “*Appendix V – Statutory and General Information – D. Equity Incentive Plans*”.

SHARE CAPITAL

RANKING

The Offer Shares will rank *pari passu* in all respects with all of the Shares currently in issue or to be issued as mentioned in this prospectus, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this prospectus.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, a minimum prescribed percentage of 25% of the Shares must at all times be held by the public (as defined in the Listing Rules).

EQUITY INCENTIVE PLANS

Our Group has adopted the Share Option and RSU Plan, the Share Award Plan and the Employee Share Purchase Plan. Please refer to “*Appendix V – Statutory and General Information – D. Equity Incentive Plans.*”

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Articles, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its shares into several classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been taken. In addition, our Company may reduce its share capital by special shareholders’ resolution. For more details, see “*Appendix IV – Summary of the Constitution of our Company and Cayman Islands Company Law.*”

GENERAL MANDATES TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to a (i) rights issue, (ii) any scrip dividend scheme of similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares, (iii) a specific authority granted by the Shareholders in general meeting, (iv) the Share Award Plan or (v) the Employee Share Purchase Plan shall not exceed the aggregate of:

- (i) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering; and

SHARE CAPITAL

- (ii) the nominal amount of our share capital repurchased by our Company (if any) under the general mandate to repurchase Shares.

This mandate to issue Shares will remain in effect during the period from the passing of the resolution until the earliest of (i) the conclusion of our next annual general meeting of our Company; (ii) the end of the period within which our Company is required by the Memorandum and Articles of Association or any applicable laws to hold its next annual general meeting; or (iii) the date on which the resolution is varied or revoked by an ordinary resolution of our Shareholders at a general meeting (the “**Relevant Period**”).

For further details of such general mandates, see “*Appendix V – Statutory and General Information – A. Further information about our Company.*”

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules, not exceeding in aggregate 10% of the aggregate nominal value of our share capital in issue immediately following the completion of the Global Offering, such mandate to remain in effect during the Relevant Period.

For further details of such general mandates, see “*Appendix V – Statutory and General Information – A. Further information about our Company.*”

CORNERSTONE INVESTORS

CORNERSTONE INVESTMENTS

We have entered into Cornerstone Investment Agreements with the Cornerstone Investors set out below, pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of Offer Shares which may be purchased (rounded down to the nearest whole board lot of 100 Shares) with an aggregate amount of approximately US\$250.0 million (approximately HK\$1,950.0 million) and exclusive of brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee (the “Cornerstone Investments”).

The total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 51,315,700 Offer Shares. The table below reflects the shareholding immediately after the completion of the Global Offering.

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate percentage of the Offer Shares	Approximate percentage of the total issued share capital immediately following the completion of the Global Offering	Approximate percentage of the Offer Shares	Approximate percentage of the total issued share capital immediately following the completion of the Global Offering
56.2%	4.04%	48.9%	3.99%

The Cornerstone Investments will form part of the International Offering, and save as otherwise consented to by the Stock Exchange, the Cornerstone Investors, and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements).

The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares in issue following the Global Offering of the Company and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules.

Save as otherwise disclosed, to the best knowledge of our Company:

- (i) each of the Cornerstone Investors is an independent third party, is not a connected person of our Company and is not an existing Shareholder;

CORNERSTONE INVESTORS

- (ii) none of the Cornerstone Investors is accustomed to taking instructions from our Company, the Directors, chief executive, our Controlling Shareholders, substantial shareholders, existing shareholders or any of their respective subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of securities of our Company;
- (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executive, our Controlling Shareholders, substantial shareholders, existing shareholders or any of their respective subsidiaries or their respective close associates;
- (iv) MC Management will be utilising its internal financial resources or financial resources of its shareholders as its source of funding for the subscription of the Offer Shares. TDUC or its shareholders may obtain external financing from commercial banks to finance its Cornerstone Investment. The loan(s), if obtained, will be on normal commercial terms after arm's length negotiations, and none of the Offer Shares to be subscribed by TDUC shall be pledged or charged to any third party including the external commercial banks as security for the financing. As confirmed by each Cornerstone Investor, it has or will have sufficient funds to settle its respective investment under the Cornerstone Investments;
- (v) as confirmed by each Cornerstone Investor, all necessary approvals have been obtained with respect to the Cornerstone Investments and no specific approval from any stock exchange (if relevant) is required for the investment by each Cornerstone Investor in our Company; and
- (vi) each of the Cornerstone Investors is independent from each other and makes independent investment decisions.

Immediately following the completion of the Global Offering, none of the Cornerstone Investors and their close associates will become a substantial Shareholder of our Company; and none of the Cornerstone Investors or their close associates will, by virtue of their Cornerstone Investments, have any Board representation in our Company. Other than the guaranteed allocation of the relevant Offer Shares at the Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders. There are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicants.

CORNERSTONE INVESTORS

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's Shares commence on the Stock Exchange.

The Company is of the view that the Cornerstone Investments from high quality financial and strategic investors highlight our Cornerstone Investors' confidence in our Company and its business prospects. Our Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the Group's business network, or through introduction by the Company's business partners.

There will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investors. The Offer Shares to be delivered to the Cornerstone Investors may be affected by the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering, as further described in "*Structure of the Global Offering*". Pursuant to paragraph 4.2 of Practice Note 18 to the Listing Rules, in the event of over-subscription under the Hong Kong Public Offering, the number of International Offer Shares may be affected by the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering. In such event, the number of Offer Shares to be subscribed by the Cornerstone Investors may be reduced on a pro rata basis to satisfy the public demands under the Hong Kong Public Offering. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around Friday, 4 July 2025.

CORNERSTONE INVESTORS

OUR CORNERSTONE INVESTORS

The table below sets forth details of the Cornerstone Investments:

			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
				Approximate percentage of the total issued share capital immediately following the completion of the Global Offering	Approximate percentage of the total issued share capital immediately following the completion of the Global Offering	Approximate percentage of the total issued share capital immediately following the completion of the Global Offering
Cornerstone Investor	Subscription Amount (US\$) (in millions) ⁽¹⁾	Number of Offer Shares to be subscribed ⁽²⁾	Approximate percentage of the Offer Shares		Approximate percentage of the Offer Shares	Approximate percentage of the Offering
MC Management 10 RSC						
Ltd	150.0	30,789,400	33.7%	2.42%	29.3%	2.40%
T&D United Capital						
Co., Ltd.	100.0	20,526,300	22.5%	1.61%	19.5%	1.60%

Note:

(1) Exclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy, and to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus.

(2) Rounded down to the nearest whole board lot of 100 Shares.

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors to the Company:

MC Management 10 RSC Ltd

MC Management 10 RSC Ltd (“**MC Management**”) is an ADGM-incorporated restricted scope company and is principally engaged in investment holding. MC Management is indirectly wholly owned by Mubadala Capital LLC (“**Mubadala Capital**”). Mubadala Capital is the alternative asset management subsidiary of Mubadala Investment Company, a c. US\$330 billion global investor headquartered in Abu Dhabi, UAE. Mubadala Capital manages c. US\$30 billion in aggregate across its own balance sheet investments and in third-party capital vehicles on behalf of institutional investors, with offices in New York, San Francisco, London, Rio de Janeiro, and Abu Dhabi.

CORNERSTONE INVESTORS

Save for the Cornerstone Investment by MC Management and certain investments placed by our Group with funds managed by an affiliate of Mubadala Capital in the ordinary course of our business, Mubadala Capital is an independent third party of our Company.

T&D United Capital Co., Ltd.

T&D United Capital Co., Ltd. (“**TDUC**”) is a wholly-owned subsidiary of T&D Holdings, Inc. (“**T&D**”) (TYO: 8795). T&D is a publicly-listed life insurance group. T&D consists of three core life insurers in Japan: Taiyo Life Insurance Company, Daido Life Insurance Company and T&D Financial Life Insurance Company. Based on publicly available information as at the date of this prospectus, no single ultimate beneficial owner holds 30% or more interests in T&D.

TDUC was established in 2019 as a strategic investment unit of T&D, with the objective of enhancing T&D’s sustainable growth through by executing overseas strategic investments in new business areas that are highly synergetic and compatible with T&D’s existing domestic life insurance business. Investments made in the life insurance sector since inception include Fortitude Re based in Bermuda and Viridium Group based in Germany.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (i) the Underwriting Agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the aforesaid Underwriting Agreements having been terminated;
- (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Offer Shares (including the Offer Shares subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Offer Shares on the Stock Exchange;
- (iii) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions;

CORNERSTONE INVESTORS

- (iv) the respective acknowledgements, representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor and, as the case may be, our Company, under the respective Cornerstone Investment Agreements are accurate and true in all material respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor and, as the case may be, our Company; and
- (v) the Offer Price being no more than HK\$38.00.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from (and inclusive of) the Listing Date (the “**Lock-up Period**”), dispose of, in any way, any of the Offer Shares or any interest in any company or entity holding such Offer Shares that they have purchased pursuant to the relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of our Company as at the Latest Practicable Date, immediately following the completion of the Global Offering, the following persons (other than any Director or chief executive) will have an interest and/or short position (as applicable) in the Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Interests and Long Positions in Shares

<i>Name of Shareholder</i>	<i>Nature of Interest</i>	Shares held or interested immediately following the completion of the Global Offering	
		<i>Number of Shares</i>	<i>Approximate Percentage</i>
Mr. Li ⁽¹⁾⁽²⁾	Interest in controlled corporation	844,566,254	66.45%
PCGI Holdings ⁽¹⁾	Beneficial owner	416,631,903	32.78%
Creative Knight Limited ⁽²⁾	Interest in controlled corporation	427,934,351	33.67%
Spring Achiever Limited ⁽²⁾	Beneficial owner	113,788,273	8.95%
	Interest in controlled corporation	427,934,351	33.67%
Spring Achiever HK ⁽²⁾	Beneficial owner	314,146,078	24.72%
Swiss Re Ltd ⁽³⁾	Interest in controlled corporation	72,017,205	5.67%
Swiss Re ⁽³⁾	Interest in controlled corporation	72,017,205	5.67%
Swiss Re Asia Holding Pte. Ltd. ⁽³⁾	Interest in controlled corporation	72,017,205	5.67%
Swiss Re PICA ⁽³⁾	Beneficial owner	72,017,205	5.67%
Future Financial Investment ⁽⁴⁾	Beneficial owner	80,089,944	6.30%

SUBSTANTIAL SHAREHOLDERS

<i>Name of Shareholder</i>	<i>Nature of Interest</i>	Shares held or interested immediately following the completion of the Global Offering	
		<i>Number of Shares</i>	<i>Approximate Percentage</i>
Future Financial International Company Ltd ⁽⁴⁾	Interest in controlled corporation	80,089,944	6.30%
Future Financial Global Holding Ltd ⁽⁴⁾	Interest in controlled corporation	80,089,944	6.30%
HOPU ⁽⁴⁾	Interest in controlled corporation	126,947,164	9.99%
HOPU Investments Co. III Ltd. ⁽⁴⁾	Interest in controlled corporation	126,947,164	9.99%
HOPU USD Master Fund III Management Holding Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	126,947,164	9.99%
Hercules Investment Group Limited ⁽⁴⁾	Interest in controlled corporation	126,947,164	9.99%
Kovan Investments Limited ⁽⁴⁾	Interest in controlled corporation	126,947,164	9.99%
HOPU Holding Limited ⁽⁴⁾	Interest in controlled corporation	126,947,164	9.99%
Vertile Limited ⁽⁴⁾	Interest in controlled corporation	126,947,164	9.99%
Fang Fenglei ⁽⁴⁾	Interest in controlled corporation	126,947,164	9.99%
Fornax ⁽⁴⁾	Beneficial owner	46,857,220	3.69%
Fornax Holding Company Limited ⁽⁴⁾	Interest in controlled corporation	46,857,220	3.69%

SUBSTANTIAL SHAREHOLDERS

<i>Name of Shareholder</i>	<i>Nature of Interest</i>	Shares held or interested immediately following the completion of the Global Offering	
		<i>Number of Shares</i>	<i>Approximate Percentage</i>
Falcon 2019 Co-Invest A, L.P. ⁽⁴⁾	Interest in controlled corporation	46,857,220	3.69%
Fornax Management Holding Company Limited ⁽⁴⁾	Interest in controlled corporation	46,857,220	3.69%
Falcon 2019 Co-Invest GP ⁽⁴⁾	Interest in controlled corporation	46,857,220	3.69%
Crimson White Investment ⁽⁵⁾	Beneficial owner	68,193,948	5.37%
GIC Blue Holdings Pte Ltd. ⁽⁵⁾	Interest in controlled corporation	68,193,948	5.37%

Notes:

- (1) PCGI Holdings is wholly-owned by Mr. Li.
- (2) Spring Achiever HK is directly wholly-owned by Spring Achiever Limited, which in turn is directly wholly-owned by Creative Knight Limited. Creative Knight Limited is directly wholly-owned by Mr. Li.
- (3) Swiss Re PICA is directly wholly-owned by Swiss Re Asia Holding Pte. Ltd., which is directly wholly-owned by Swiss Re. Swiss Re is directly wholly-owned by Swiss Re Ltd.
- (4) HOPU holds an aggregate of 9.99% interests in our Company through (i) Future Financial Investment and (ii) Fornax, both of which are direct shareholders in our Company of 6.30% and 3.69% interests, respectively.

For further details on Future Financial Investment and Fornax, please see the descriptions under “*History, Reorganisation and Corporate Structure – Background Information about our Pre-IPO Investors*”.

HOPU is controlled by HOPU Investments Co. III Ltd., which is controlled by HOPU USD Master Fund III Management Holding Co., Ltd., which in turn is indirectly controlled by Mr. Fang Fenglei through Hercules Investment Group Limited, Kovan Investments Limited, HOPU Holding Limited and Vertile Limited.

- (5) Crimson White Investment is wholly-owned by GIC Blue. Both Crimson White Investment and GIC Blue are ultimately owned by the Minister for Finance of the Government of Singapore. The Minister for Finance is the body corporate constituted under section 2(1) of the Minister for Finance (Incorporation) Act 1959 and is a statutory corporation set up by the Government of Singapore to own and administer government assets.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders (for the purposes of, and as defined under, the Listing Rules) comprise Mr. Li and his directly and indirectly wholly-owned entities (being PCGI Holdings, Creative Knight Limited, Spring Achiever Limited and Spring Achiever HK, together, “**Mr. Li’s Entities**”).

As of the Latest Practicable Date (which is prior to completion of the Reorganisation), Mr. Li, through his directly wholly-owned entity, PCGI Holdings, controlled an aggregate of approximately 66.70% of the voting power at general meetings of our Company.

Immediately following the completion of the Global Offering, Mr. Li and Mr. Li’s Entities together control approximately 66.45% of our enlarged total issued share capital and are entitled to exercise or control the exercise of 30% or more of the voting power at the general meetings of our Company and, accordingly, Mr. Li (together with Mr. Li’s Entities) will be considered as the Controlling Shareholders of our Company for the purposes of, and as defined under, the Listing Rules immediately following the completion of the Global Offering.

ABOUT THE CONTROLLING SHAREHOLDERS

Mr. Li is the founder and an Executive Director of our Company.

PCGI Holdings is an investment holding company incorporated in the Cayman Islands. PCGI Holdings is wholly-owned by Mr. Li, who is also the founder, chairman and chief executive of PCG. For further details of Mr. Li, PCGI Holdings and the relationship between Mr. Li, our Company and our directors and senior management, please refer to the sections headed “*History, Reorganisation and Corporate Structure*”, “*Relationship with the Controlling Shareholders*”, “*Connected Transactions*”, “*Directors and Senior Management*” and “*Substantial Shareholders*”.

For further details of other Mr. Li’s Entities, please refer to the sections headed “*History, Reorganisation and Corporate Structure – Major Shareholding Changes of our Company – Pre-IPO Investments*” and “*Substantial Shareholders*”.

INDEPENDENCE OF THE GROUP FROM THE CONTROLLING SHAREHOLDERS

The Directors are of the view that the Group is capable of carrying on its business independently from its Controlling Shareholders following the completion of the Global Offering for the following reasons.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Clear Delineation of Business

As of the Latest Practicable Date, none of the Controlling Shareholders is interested in any business, other than the Group, which, competes or is likely to compete, either directly or indirectly, with the Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

To streamline its business, the Group divested its interests in the general insurance business (other than in Singapore) by spinning off the entire equity interest in FWD General Insurance, iFWD TW and Bolttech Digital Solutions to bolttech Holdings, which is indirectly controlled by Mr. Li (the “**bolttech Spin-off**”). The Group primarily focuses on the provision of life insurance services within Asia Pacific, whereas the bolttech Group is an insurance technology company primarily focusing on technology services enabling business partners to provide general insurance products, including device protection (e.g., mobile phone insurance). None of the Controlling Shareholders carries on any life insurance business apart from its interests in the Group upon Listing.

Life insurance policies provide long-term coverages to a person, or a group of individuals under a Group scheme, and protect against mortality and morbidity events and/or to provide a basis to accumulate savings/investments. On a policy level, profitability is viewed over the entire term of that policy and on a cash flow basis, it is not uncommon for accounting profits to emerge only in later years during the policy tenure. General insurance protects against other risks, and typically includes short-term contracts which cover all other non-life items such as home, motor vehicles, fire and travel. Pensions have similar characteristics to savings/investment-focused life insurance policies, with the main differences including the inability to fund acquisition costs through the balance sheet, significantly less flexibility on account of regulation, and generally less stringent regulatory capital requirements. Similar to general insurance, profits and profit patterns of a pensions business are viewed on an annual basis. The Group does not write any pension business, nor does any member of the PCG Group.

Our key strategic focus is to address the long-term protection and savings needs of our customers, and hence the Group is principally engaged in life insurance as its core business, while the offering of general insurance products and pension businesses are deemed non-core businesses (given these are generally treated as different businesses across areas such as strategy, product development, distribution channels). While the Group operates a general insurance business in Singapore under a composite insurance licence granted by the MAS, this contributes to only 0.96%, 1.23% and 1.50% of the Group's total revenue for the years ended 2022, 2023 and 2024. We are of the view that the general insurance business in Singapore is immaterial to the Group's financial condition and results of operations. The decision to focus on life insurance is similarly common amongst other peer insurers, notably AIA and Manulife, which also choose to strategically focus their business and operations on life insurance only.

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The fundamental difference between life insurance products and general insurance products is also reflected in the fact that insurance regulators generally require different licences to be obtained in order to underwrite life insurance products or general insurance products. For example, in Hong Kong, an authorised insurer wishing to write life insurance must be authorised to underwrite “long-term business” whereas an authorised insurer wishing to write general insurance must be authorised to underwrite “general business”. Different minimum capital requirements also apply to insurers who are authorised to write “long-term business” versus “general business”.

The Group operates a general insurance business in Singapore, however, the bolttech Group is only a registered insurance broker and insurance agency in Singapore and is not licensed to carry on any insurance business in Singapore as a licensed or authorised insurer, reinsurer or foreign insurer. Hence, the Directors do not consider that there are any overlapping customers, products or market between the Group and the bolttech Group in Singapore. In addition, the general insurance business of the Group in Singapore contributes only to 0.96%, 1.23% and 1.50% of the Group’s total revenue for the years ended 2022, 2023 and 2024. The Directors are of the view that the general insurance business in Singapore is immaterial to the Group’s financial condition and results of operations.

There is therefore a clear and distinct delineation of the business of the Group and the businesses of the Controlling Shareholders.

In order to avoid any potential overlap of businesses between the Group and the bolttech Group after the Listing, the Group and the bolttech Group entered into a Business Collaboration Agreement on 8 December 2020 (the “**bolttech Business Collaboration Agreement**”), in which:

- (a) the bolttech Group undertakes that, among others, it will not, without the prior written consent of the Group, carry on or directly hold any ownership interests in an entity which primary or core business is to carry on, the business of manufacturing or underwriting life insurance products in jurisdictions in which the Group has operations from time to time;
- (b) each of FL and FGL undertakes that, among others, it will not, without the prior written consent of the bolttech Group, carry on or directly hold any ownership interests in any entity which primary or core business is to carry on, the business of:
 - (i) manufacturing or underwriting of general insurance products;
 - (ii) the provision of device protection products; and/or
 - (iii) the provision of digital brokerage services for general insurance products in jurisdictions in which the bolttech Group has operations from time to time,

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

during the period from the completion of the bolttech Spin-off until (a) in respect of the bolttech Group (i) upon a change of control of bolttech Holdings or FL and FGL, or (ii) when the bolttech Group ceases to use any of the Group's trademarks, trade names and logos, whichever is later; (b) in respect of the Group, upon a change of control of bolttech Holdings or FL and FGL, in each case provided that the restriction period will be for a period of not less than five years from the completion of the bolttech Spin-off.

Please see the section headed "*Connected Transactions*" in respect of continuing connected transactions pursuant to the bolttech Business Collaboration Agreement and other continuing connected transactions between the Group and the bolttech Group after the Listing.

In respect of the insurance agency and distribution services carried on by the Group and the businesses of the Controlling Shareholders:

(a) *The Group*

The Group only distributes its own life insurance products and does not provide any insurance agency and distribution services in respect of third party life insurance products.

Pursuant to the bolttech Business Collaboration Agreement, the Group provides agency and distribution services to the bolttech Group in respect of general insurance products manufactured or underwritten by a member of the bolttech Group.

In addition, the Group distributes general insurance products manufactured or underwritten by third party insurers through its brokerage entity, FWD Financial Planning.

(b) *The bolttech Group*

The bolttech Group sells and distributes insurance products manufactured or underwritten by the bolttech Group, as well as those manufactured or underwritten by other insurers.

As far as the Directors are aware, the bolttech Group currently only distributes life insurance products which are manufactured or underwritten by the Group, through which the bolttech Group will receive commissions, and the Group will enjoy the insurance underwriting risk and reward from manufacturing or underwriting such products.

In addition, pursuant to the bolttech Business Collaboration Agreement, prior to distributing any new life insurance product of another insurer, the bolttech Group is required to provide the Group an opportunity to provide an equivalent life insurance product. Only if the Group is unable to provide an equivalent life insurance product would the bolttech Group be entitled to distribute the life insurance product of another insurer.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

(c) *The HKT Group*

The HKT Group currently distributes life insurance products which are manufactured or underwritten by the Group to HKT Group's customers, through which the HKT Group will receive commissions and the Group will take on the insurance underwriting risk and reward from manufacturing or underwriting such products.

The insurance agency and distribution services provided by the Group contributed to 0.017%, 0.010% and 0.015% respectively, of the Group's total revenue for the years ended 31 December 2022, 2023 and 2024. The Directors are of the view that the insurance agency and distribution services provided by the Group are immaterial to the Group's financial condition and results of operations.

Management Independence

The Board comprises two executive Directors, two non-executive Directors and nine independent non-executive Directors. Our management and operational decisions are made by our executive Directors and senior management, most of whom have served the Group for a long time and/or have substantial experience in the industry in which we are engaged.

None of our senior management responsible for our daily operations will have any other roles within PCG upon the Listing.

Furthermore, the Directors consider that the Board and senior management will function independently of the Controlling Shareholders for the following reasons:

- (a) each of the Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;
- (b) we believe the independent non-executive Directors bring independent judgment to the decision-making process of the Board;
- (c) the Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest, and shall not be counted in the quorum present at the particular Board meeting;
- (d) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between the Group and the Controlling Shareholders which would support the independent management (as outlined below); and

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

- (e) we expect to review our corporate governance practices from time to time and adopt additional corporate governance initiatives with a view to implementing guidance provided by our regulators and best practices as they evolve.

Each Director of the Board possesses relevant management or industry-related experience to act as a Director of our Company. Details of the experience of each Director are set out in “*Directors and Senior Management*.”

Independence of Operations and Administrative Capability

Although the Controlling Shareholders will retain a controlling interest in our Company after Listing, we have full rights to make all decisions regarding, and to carry out, our own business operations independently.

Our Company (through its subsidiaries) holds or enjoys the benefit of all relevant licences necessary to carry out its business in all material respects.

In addition, our organisational structure is made up of individual departments, each with specific areas of responsibilities. We have also established a set of internal control measures to facilitate the effective operation of our business.

Certain telecommunications and related services and branding and marketing arrangements are provided by the PCCW Group (excluding the HKT Group) and the HKT Group, and certain asset management services are provided by the PineBridge Group, each as described in the section “*Connected Transactions*”. However, all essential administrative functions are carried out by the Group without requiring the support of the PCCW Group (excluding the HKT Group), the HKT Group or the PineBridge Group. In particular, the Group has its own business units and responsible employees for performing all essential administrative functions such as finance and accounting, internal control and administration and operations.

Based on the above, the Directors are satisfied that we have been operating independently from the Controlling Shareholders and their respective associates during the Track Record Period and will continue to operate independently of the business of the Controlling Shareholders upon Listing.

Financial Independence

The Group has its own internal control, accounting, funding, reporting and financial management system as well as accounting and finance department. Our insurance operations are sufficiently capitalised to satisfy our regulatory solvency and capital adequacy requirements and operational needs.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Combining the proceeds from the Global Offering with our Company's own funds, the Group will further strengthen its capital position to support the growth of our operations and businesses in the near-to-mid-term independently from the Controlling Shareholders.

In addition, the Group does not rely on the Controlling Shareholders and/or their respective close associates for any provision of financial assistance. The Directors confirm that, as at the Latest Practicable Date, on the one hand, none of the Controlling Shareholders or their respective close associates had provided any loans, guarantees or pledges to the Group and, on the other hand, the Group did not provide any loans, guarantees or pledges to the Controlling Shareholders or their respective close associates.

Further, the Group has obtained bank loans and issued notes and perpetual securities without guarantees being given by the Controlling Shareholders and/or their respective close associates. Please refer to the section "*Financial Information – Indebtedness*". On the basis of the above, the Directors believe that following the Listing, the Group is capable of obtaining financing from external sources without reliance on the Controlling Shareholders including in view of the Group's strong financial position, steady future cash flow generation and level of liquid assets following the Listing as well as its ability to raise funds on a standalone basis.

Based on the above, the Directors are of the view that we are able to maintain financial independence from the Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

The Directors recognise the importance of sound corporate governance in protection of the Shareholders' interests. With the exception of Code Provision C.6.3, our Company has complied with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

In order to further avoid potential conflicts of interest, we have implemented the following measures to strengthen the protection of the Shareholders' interests:

- (a) as part of our preparation for the Global Offering, we have amended the Memorandum and Articles of Association to comply with the Listing Rules. In particular, our Memorandum and Articles of Association provides that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

- (b) where a Shareholders' meeting is to be held for considering proposed transactions in which a Controlling Shareholder or any of his/its close associates has a material interest, such Controlling Shareholder will abstain from voting on the relevant resolutions;
- (c) we have established internal control mechanisms to identify connected transactions. Upon Listing, if we enter into connected transactions with any Controlling Shareholder or any of his/its associates, we will comply with the applicable requirements under the Listing Rules;
- (d) we are committed that the Board shall include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have appointed nine independent non-executive Directors, and we believe the independent non-executive Directors: (i) possess sufficient experience; (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment; and (iii) will be able to provide an impartial and external opinion to protect the interests of the Shareholders as a whole;
- (e) in the event that the independent non-executive Directors are requested to review any conflict of interests circumstances between the Group on one hand and the Controlling Shareholders and/or the Directors on the other hand, the Controlling Shareholders and/or the Directors shall provide the independent non-executive Directors with all necessary information for consideration and the independent non-executive Directors can seek advice from independent advisers at our cost where necessary;
- (f) our independent non-executive Directors will review and consider the delineation of business and independent operations between the Group and the Controlling Shareholders, including considering the nature of the businesses and reviewing, on at least an annual basis, compliance with the non-compete undertaking in the bolttech Business Collaboration Agreement;
- (g) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;
- (h) we have established our audit committee, compensation committee and nomination and corporate governance committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code in Appendix C1 to the Listing Rules; and

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

- (i) we have appointed CMB International Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance, upon Listing.

Based on the above, the Directors are satisfied that the Group has sufficient corporate governance measures in place to manage any competition or conflicts of interest that may arise between the Group, the Directors and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.

Code Provision C.6.3 provides that the company secretary should report to board chairman and/or the chief executive. The Company operates under a variant of this model whereby our Company Secretary reports to the Group General Counsel, who reports to our Group Chief Financial Officer, who in turn reports directly to our CEO.

COMPLIANCE WITH RULE 8.10 OF THE LISTING RULES

Save as disclosed in this prospectus, none of the Directors and our Controlling Shareholders is interested in any businesses apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's business or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

CONNECTED TRANSACTIONS

OVERVIEW

Prior to the Listing Date, the Group entered into certain transactions with the PCCW Group, the HKT Group, the bolttech Group, the PineBridge Group, the CK Assets Group, RK Consulting and the MoneyHero Group. As described in the section headed “*Relationship with the Controlling Shareholders*”, Mr. Li is a Controlling Shareholder of our Company.

OUR CONNECTED PERSONS

Upon the Listing Date, the PCCW Group, the HKT Group, the bolttech Group, the PineBridge Group, the CK Assets Group, RK Consulting and the MoneyHero Group will become our connected person for the reasons set out in the table below:

Connected Person	Reason
PCCW Group and HKT Group	<p>Mr. Li is the chairman and an executive director of PCCW, as at the Latest Practicable Date, and is deemed to be interested (for the purposes of the SFO) in approximately 31.83% of the equity interest in PCCW (HKEX: 0008).</p> <p>PCCW is the parent of the HKT Group. Mr. Li is the executive chairman and an executive director of HKT and HKT Management Limited (the trustee-manager of the HKT Trust), and, as at the Latest Practicable Date, is deemed to be interested (as such term is defined under the SFO) in approximately 2.91% of the total number of share stapled units in issue of HKT Trust and HKT (HKEX: 6823).</p>
bolttech Group	The bolttech Group is indirectly controlled by Mr. Li.
PineBridge Group	The PineBridge Group is indirectly majority owned and controlled by Mr. Li. ⁽¹⁾

Note:

- (1) On 23 December 2024, MetLife Investment Management announced it had entered into an agreement to acquire PineBridge Group (excluding its private funds group business and joint venture in mainland China) from PCG. Subject to regulatory approvals and other conditions, the transaction is expected to complete in 2025.

CONNECTED TRANSACTIONS

Connected Person	Reason
CK Assets Group	Mr. Li holds interests in the shares of CK Assets – he is one of the discretionary beneficiaries of certain discretionary trusts which hold units in unit trusts (the “Family Trusts”). The Family Trusts are interested in approximately 37.96% of the issued shares of CK Assets, as of the Latest Practicable Date. Mr. Li’s brother, Mr. Li Tzar Kuoi, Victor is the chairman and managing director of CK Assets, and holds (through being a beneficial owner, interests of child or spouse, interest in controlled corporations and as a discretionary beneficiary of the Family Trusts) an interest of 48.87% in the shares of CK Assets, as of the Latest Practicable Date.
RK Consulting	RK Consulting is indirectly owned and controlled by Mr. Li as to 30% interests or more.
MoneyHero Group	The MoneyHero Group is indirectly owned and controlled by Mr. Li as to 30% interests or more.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

The following is a summary of the continuing connected transactions involving the Group that will continue after the Listing Date:

No.	Nature of Transactions	Relevant Listing Rules	Waiver sought
Partially exempt continuing connected transactions			
<i>Exempt from the circular and independent shareholders' approval requirements but subject to the announcement, reporting and annual review requirements</i>			
1.	Telecommunications and related services provided by the HKT Group to the Group	14A.35, 14A.76(2)	Waiver from strict compliance with the announcement requirement
2.	Insurance agency and distribution, reinsurance, and other insurance and related services provided by the HKT Group to the Group	14A.35, 14A.76(2)	Waiver from strict compliance with the announcement requirement

CONNECTED TRANSACTIONS

No.	Nature of Transactions	Relevant Listing Rules	Waiver sought
3.	Insurance and related services and products provided by the Group to the PCCW Group (excluding the HKT Group) and the HKT Group	14A.35, 14A.76(2)	Waiver from strict compliance with the announcement requirement
4.	Branding and marketing arrangements provided by the PCCW Group (excluding the HKT Group) and the HKT Group to the Group	14A.35, 14A.76(2)	Waiver from strict compliance with the announcement requirement
5.	Asset management and investment services provided by the PineBridge Group to the Group	14A.35, 14A.76(2)	Waiver from strict compliance with the announcement requirement
6.	Reinsurance services, employees' benefits insurance, other insurance and related services provided by the Group to the bolttech Group	14A.35, 14A.76(2)	Waiver from strict compliance with the announcement requirement

Fully exempt continuing connected transactions

Exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements

1.	Marketing and advertising services received by the Group from the PCCW Group (excluding the HKT Group) and the HKT Group	14A.76(1)	Fully exempt <i>de minimis</i> transactions
2.	Insurance agency and distribution services provided by the PCCW Group (excluding the HKT Group) to the Group	14A.76(1)	Fully exempt <i>de minimis</i> transactions
3.	Purchase of insurance by the PineBridge Group from the Group	14A.76(1)	Fully exempt <i>de minimis</i> transactions
4.	Transactions between the Group and the bolttech Group pursuant to the bolttech Business Collaboration Agreement	14A.76(1)	Fully exempt <i>de minimis</i> transactions
5.	Insurance products, administrative and other related services provided by the bolttech Group to the Group	14A.76(1)	Fully exempt <i>de minimis</i> transactions
6.	Intercompany services provided by the Group to the bolttech Group	14A.76(1)	Fully exempt <i>de minimis</i> transactions
7.	Rental and management service received by the Group from the CK Assets Group	14A.76(1)	Fully exempt <i>de minimis</i> transactions
8.	Insurance agency services received by the Group from RK Consulting	14A.76(1)	Fully exempt <i>de minimis</i> transactions
9.	Purchase of insurance by directors of the Group and their associates from the Group	14A.76(1)	Fully exempt <i>de minimis</i> transactions

CONNECTED TRANSACTIONS

No.	Nature of Transactions	Relevant Listing Rules	Waiver sought
		14A.97	Selling of consumer goods or services
10.	Insurance distribution and related services received by the Group from the MoneyHero Group	14A.76(1)	Fully exempt de minimis transactions
11.	Insurance brokerage and related services received by the Group from associate(s) of director(s) of the Group	14A.76(1)	Fully exempt de minimis transactions

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Telecommunications and related services provided by the HKT Group to the Group (“HKT Telecommunications Services”)

FWD Group Management and HK Telecom entered into an amended and restated framework agreement (the “**Telecommunications and Related Services Agreement**”) on 23 December 2022, pursuant to which HK Telecom will provide, or procure other members of the HKT Group to provide, telecommunications and related services to the Group and in respect of other existing and future agreements for these services.

Such services include, without limitation, the following:

- (a) telecommunications services such as telephone services (fixed-line, unified communications and mobile services) and devices; connectivity services including local data, broadband, wifi, Datapak, private network connectivity, SkyExchange, cloud connectivity, facilities managed network services, Internet access, international telecommunications, international private leased circuit and other network services; cloud computing services; Internet of Things (IoT) products and services; and other telecommunications services as agreed to be provided by members of the HKT Group to the Group; and
- (b) other support services, such as computer and customer-premises equipment (CPE) rental services; teleservices; network, operational and maintenance and support services; equipment and facilities leasing services; and other support services as agreed to be provided by members of the HKT Group to the Group.

Principal terms relating to the Telecommunications and Related Services Agreement

Term and Termination

The Telecommunications and Related Services Agreement has a term of three years commencing from 1 January 2023 and ending on 31 December 2025, and it may be terminated by either party with 6 months’ written notice.

CONNECTED TRANSACTIONS

Pricing Policy

The HKT Telecommunications Services are charged at prevailing market rates for services of similar scope, scale, quality, reliability and service levels that would be charged for independent third-party customers, as agreed by the relevant members of the HKT Group and the Group from time to time, and the other support services are charged on a cost-plus basis as agreed by the relevant members of the HKT Group and the Group from time to time.

Historical Transaction Amounts and Annual Cap

The historical transaction amounts of the HKT Telecommunications Services provided to the Group were US\$5.4 million, US\$5.1 million and US\$4.3 million for the years ended 31 December 2022, 2023 and 2024, respectively.

The annual cap applicable to the Telecommunications and Related Services Agreement for the year ending 31 December 2025 is US\$19.3 million.

This annual cap has been determined by the parties at arm's length negotiations based on (i) the historical transaction amounts; (ii) anticipated expansion of the Group's business in the region and the estimated level of services required having considered the year-over-year growth; (iii) the full year effect of such expansion for 2025; and (iv) the expected increase in the service fees to be paid by us considering the expected inflation.

Implications under the Listing Rules for the HKT Telecommunications Services

As the highest applicable percentage ratio in respect of the annual cap in relation to the HKT Telecommunications Services is expected to be more than 0.1% but less than 5%, such transactions are considered to be partially exempt continuing connected transactions subject to reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

2. Insurance agency and distribution, reinsurance, and other insurance and related services provided by the HKT Group to the Group (“HKT Insurance Services”)

FWD Life (Bermuda) and HKTIA entered into an amended and restated framework agreement (the “**HKT Insurance and Related Services Agreement**”) on 23 December 2022, pursuant to which HKTIA will provide, or procure other members of the HKT Group to provide, insurance agency and distribution, reinsurance, and other insurance and related services to the Group.

Such services include, without limitation, the following:

- (a) insurance agency and distribution services in Hong Kong to be provided by members of the HKT Group as insurance agent in Hong Kong for selling certain insurance products of members of the Group;
- (b) reinsurance services to be provided by the HKT Group to the Group under which relevant members of the HKT Group, such as PCCW Risk Finance Limited, being a registered insurer in Bermuda, may reinsure some of the Group’s underwriting liabilities arising from insurance policies issued in Hong Kong to members of the HKT Group; and
- (c) other insurance and related services as may be agreed to be provided by members of the HKT Group and the Group from time to time.

Principal terms relating to the HKT Insurance and Related Services Agreement

Term and Termination

The HKT Insurance and Related Services Agreement has a term of three years commencing from 1 January 2023 and ending on 31 December 2025, and it may be terminated by either party with 6 months’ written notice.

Pricing Policy

Commission for such insurance agency and distribution services is charged at such rate determined with reference to market rates charged by third party insurance agents for similar insurance agency or distribution service as agreed by the relevant members of the HKT Group and the Group, while premium to be received by the HKT Group from the Group for the reinsurance services is determined based on prevailing market rates and actuarial review of the relevant members of the HKT Group and the Group.

CONNECTED TRANSACTIONS

Historical Transaction Amounts and Annual Cap

The historical transaction amounts of the HKT Insurance Services provided to the Group were US\$2.1 million, US\$5 million and US\$7.2 million for the years ended 31 December 2022, 2023 and 2024, respectively.

The annual cap applicable to the HKT Insurance and Related Services Agreement for the year ending 31 December 2025 is US\$25.6 million.

This annual cap has been determined by the parties at arm's length negotiations based on (i) the historical transaction amounts; (ii) anticipated expansion of the Group's business in the region and the estimated level of services required having considered the year-over-year growth; (iii) the full year effect of such expansion for 2025; and (iv) the expected increase in the service fees to be paid by us considering the expected inflation.

Implications under the Listing Rules for the HKT Insurance Services

As the highest applicable percentage ratio in respect of the annual cap in relation to the HKT Insurance Services is expected to be more than 0.1% but less than 5%, such transactions are considered to be partially exempt continuing connected transactions subject to reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

3. Insurance and related services and products provided by the Group to the PCCW Group (excluding the HKT Group) and the HKT Group

Each of PCCW Services and HKT Services entered into an amended and restated framework agreement (the "**FWD/PCCW and HKT Insurance Services and Products Agreement**") on 23 December 2022 with FWD Life (Bermuda) on the same terms, pursuant to which FWD Life (Bermuda) will provide, or procure other members of the Group to provide, insurance and related services and products to the PCCW Group (excluding the HKT Group) and the HKT Group, respectively (the "**FWD/PCCW and HKT Insurance Services and Products**").

Such services and products include, without limitation, the following:

- (a) insurance services and products of the Group; and
- (b) other insurance and related services and products as may be agreed to be provided by other members of the respective groups from time to time.

CONNECTED TRANSACTIONS

Principal terms relating to the FWD/PCCW and HKT Insurance Services and Products Agreement

Term and Termination

Each of the FWD/PCCW and HKT Insurance Services and Products Agreements has a term of three years commencing from 1 January 2023 and ending on 31 December 2025, and they may each be terminated by either party with 6 months' written notice.

Pricing Policy

The insurance services and products are charged at such rate determined with reference to market rates for similar insurance service or product as agreed by members of the respective groups that would be charged for independent third-party customers, and based on factors such as past claims history, expected future medical cost inflation, underwriting judgement and actuarial assumptions.

Historical Transaction Amounts and Annual Cap

The historical transaction amounts in relation to the FWD/PCCW and HKT Insurance Services and Products provided by the Group to the PCCW Group were US\$21.0 million, US\$25.1 million and US\$22.4 million for the years ended 31 December 2022, 2023 and 2024, respectively.

The annual cap applicable to the FWD/PCCW and HKT Insurance Services and Products Agreements on an aggregated basis for the year ending 31 December 2025 is US\$51.3 million.

This annual cap has been determined by the parties at arm's length negotiations based on (i) the historical transaction amounts; (ii) anticipated expansion of the Group's business in the region and the estimated level of services and products required having considered the year-over-year growth; and (iii) anticipated continuation of the business relationship between the PCCW Group and the Group in the future.

Implications under the Listing Rules for the FWD/PCCW and HKT Insurance Services and Products

As the highest applicable percentage ratio in respect of the annual cap in relation to the FWD/PCCW and HKT Insurance Services and Products is expected to be more than 0.1% but less than 5%, such transactions are considered to be partially exempt continuing connected transactions subject to reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

4. Branding and marketing arrangements provided by the PCCW Group (excluding the HKT Group) and the HKT Group to the Group

Each of PCCW Interactive Media Holdings Limited and now Productions Limited entered into a framework agreement (together, the “**Branding and Marketing Agreements**”) on 23 December 2022 with FWD Life (Bermuda), pursuant to which PCCW Interactive Media Holdings Limited and now Productions Limited will provide or enter into, or procure other members of the PCCW Group (excluding the HKT Group) and HKT Group, respectively, to provide or enter into, branding and marketing arrangements to or with the Group (the “**Branding and Marketing Arrangements**”).

Such arrangements include, without limitation, Group spokesperson opportunities and related marketing or branding campaigns and events.

Principal terms relating to the Branding and Marketing Agreements

Term and Termination

Each of the Branding and Marketing Agreements has a term of three years commencing from 1 January 2023 and ending on 31 December 2025, and they may each be terminated by either party with 6 months’ written notice.

Pricing Policy

The service fees for the Branding and Marketing Arrangements are charged at such rate determined with reference to market rates for similar events, arrangements, sponsorship, offerings or services that would be charged for independent third parties and based on any other relevant factors in the circumstances.

Historical Transaction Amounts and Annual Cap

The historical transaction amounts in relation to the Branding and Marketing Arrangements provided by the PCCW Group (excluding the HKT Group) and the HKT Group to the Group were US\$5.6 million, US\$6.6 million and US\$2.3 million for the years ended 31 December 2022, 2023 and 2024, respectively.

The annual cap applicable to the Branding and Marketing Agreements on an aggregated basis for the year ending 31 December 2025 is US\$25.6 million.

This annual cap has been determined by the parties at arm’s length negotiations based on (i) the historical transaction amounts; (ii) anticipated expansion of the Group’s and the PCCW Group’s respective businesses in the region and the estimated level of services to be provided; and (iii) anticipated growth of the business relationship between the PCCW Group and the Group in future and the full year effect of such growth in 2025.

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Implications under the Listing Rules for the Branding and Marketing Arrangements

As the highest applicable percentage ratio in respect of the annual cap in relation to the Branding and Marketing Arrangements is expected to be more than 0.1% but less than 5%, such transactions are considered to be partially exempt continuing connected transactions subject to reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

5. Asset management and investment services provided by the PineBridge Group to the Group

A member of the PineBridge Group entered into a framework agreement (the "**PineBridge Asset Management and Investment Services Agreement**") with a member of the Group on 18 June 2025, pursuant to which the member of the PineBridge Group will provide or grant, or procure other members of the PineBridge Group to provide or grant, asset management and investment services to the Group.

The services include, without limitation, the following:

- (a) investment management services; and
- (b) investment advisory services,

(collectively, the "**PineBridge Asset Management and Investment Services**").

Principal terms relating to the PineBridge Asset Management and Investment Services Agreement

Term and Termination

The PineBridge Asset Management and Investment Services Agreement has a term of three years commencing from the Listing Date and ending on 31 December 2027 and it may be terminated by either party with 6 months' written notice. On 23 December 2024, MetLife Investment Management announced it had entered into an agreement to acquire PineBridge Group (excluding its private funds group business and joint venture in mainland China) from PCG. Subject to regulatory approvals and other conditions, the transaction is expected to complete in 2025. The PineBridge Asset Management and Investment Services Agreement will terminate upon completion of the acquisition.

Pricing Policy

The management fees payable by the Group for the investment management services are generally determined based on an (i) an agreed fee rate calculated in relation to the net asset value and/or performance of, and/or capital committed to, the relevant investment portfolio; (ii) a banded sliding scale of fee rates based on the net asset value of the portfolio;

CONNECTED TRANSACTIONS

or (iii) a fixed sum. The fees had been determined by reference to prevailing/market rates, and are no less favourable to the Group than those offered by independent third parties/based on similar contracts with similar third parties. In relation to the investment management services provided to FWD Life Japan, the management fees were also determined after an arm's length rule assessment.

The management fees payable by the Group for the investment advisory services shall be agreed by the relevant Group entity and the relevant PineBridge entity.

Historical Transaction Amounts and Annual Caps

The historical transaction amounts of the PineBridge Asset Management and Investment Services provided to the Group were US\$19.8 million, US\$16.5 million and US\$13.1 million for the years ended 31 December 2022, 2023 and 2024, respectively.

The annual caps applicable to the PineBridge Asset Management and Investment Services Agreement for the three years ending 31 December 2025, 2026 and 2027 are US\$36.0 million, US\$39.0 million and US\$41.0 million, respectively.

These annual caps have been determined by the parties at arm's length negotiations based on (i) the historical transaction amounts; (ii) anticipated expansion of the Group's business in the region and the estimated level of services required having considered the year-over-year growth; and (iii) anticipated expansion of the investment portfolios and the value of such portfolios.

Implications under the Listing Rules for the PineBridge Asset Management and Investment Services

As the highest applicable percentage ratio in respect of each of the annual caps in relation to the PineBridge Asset Management and Investment Services and Products is expected to be, on an annual basis, more than 0.1% but less than 5%, such transactions are considered to be partially exempt continuing connected transactions subject to reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

6. Reinsurance services, employees' benefits insurance, other insurance and related services provided by the Group to the bolttech Group ("FWD/bolttech Insurance Services and Products")

A member of the Group entered into a framework agreement (the "**FWD/bolttech Insurance Services and Products Agreement**") with a member of the bolttech Group on 20 June 2025, pursuant to which such member of the Group will provide, or procure other members of the Group to provide, certain insurance services and related services to the bolttech Group.

CONNECTED TRANSACTIONS

Such services include, without limitation, the following:

- (a) reinsurance services to be provided by the Group to the bolttech Group, under which relevant members of the Group may reinsure some of the bolttech Group's underwriting liabilities arising from insurance policies underwritten by the bolttech Group;
- (b) employees' benefits insurance, such as group life, group critical illness and group medical insurance; and
- (c) other insurance and related services as may be agreed to be provided by the Group from time to time.

Please refer to the sections headed "*Relationship with the Controlling Shareholders*" and "*Connected Transactions – Fully Exempt Continuing Connected Transactions*" in respect of the bolttech Business Collaboration Agreement and the continuing connected transactions entered pursuant to it between the Group and the bolttech Group.

Principal terms relating to the FWD/bolttech Insurance Services and Products Agreement

Term and Termination

The FWD/bolttech Insurance Services and Products Agreement has a term of three years commencing from the Listing Date and ending on 31 December 2027 and it may be terminated by either party with 6 months' written notice.

Pricing Policy

Premium to be received by the Group from the bolttech Group for the reinsurance services and the employees' benefits insurance is determined based on prevailing market rates and actuarial review of the relevant members of the Group and the bolttech Group. Other insurance and related services are charged at such rate determined with reference to market rates for similar services as agreed by the parties that would be charged by the Group for independent third-party customers.

Historical Transaction Amounts and Annual Caps

The historical transaction amounts of the FWD/bolttech Insurance Services and Products provided to the bolttech Group were US\$24.2 million, US\$23.6 million and US\$24.3 million for the years ended 31 December 2022, 2023 and 2024, respectively.

The annual caps applicable to the FWD/bolttech Insurance Services and Products Agreement for the three years ending 31 December 2025, 2026 and 2027 are US\$45.6 million, US\$56.8 million and US\$70.7 million, respectively.

CONNECTED TRANSACTIONS

These annual caps have been determined by the parties at arm's length negotiations based on (i) the historical transaction amounts; (ii) current group policies provided to the bolttech Group in Hong Kong, Thailand, Indonesia, Philippines and Malaysia; (iii) the estimated level of services required by the bolttech Group having considered the year-over-year growth of the business; and (iv) the full year effect of such expansion for 2025, 2026 and 2027.

Implications under the Listing Rules for the FWD/bolttech Insurance Services and Products

As the highest applicable percentage ratio in respect of each of the annual caps in relation to the FWD/bolttech Insurance Services and Products is expected to be, on an annual basis, more than 0.1% but less than 5%, such transactions are considered to be partially exempt continuing connected transactions subject to reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH ANNOUNCEMENT REQUIREMENT FOR THE PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

As the partially exempt continuing connected transactions described in this section are expected to continue on a recurring and continuing basis and has been fully disclosed in the prospectus and will be disclosed in the annual reports of our Company on an on-going basis, our Company considers that strict compliance with the announcement would be impractical, unduly burdensome and would impose unnecessary administrative cost upon our Company. As such, our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, our Company a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of the partially exempt continuing connected transactions described in this section.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Marketing and advertising services received by the Group from the PCCW Group (excluding the HKT Group) and the HKT Group

The Group may receive marketing and advertising services from the PCCW Group (excluding the HKT Group) and the HKT Group, based on prevailing or comparable market rates and prices.

CONNECTED TRANSACTIONS

2. Insurance agency and distribution services provided by the PCCW Group (excluding the HKT Group) to the Group

The Group may receive insurance agency and distribution services from, and pay commission to, the PCCW Group (excluding the HKT Group), at prevailing or comparable market rates based on similar contracts with similar third parties.

3. Purchase of insurance by the PineBridge Group from the Group

The Group may sell insurance products to the PineBridge Group, based on similar pricing as other third parties.

4. Transactions between the Group and the bolttech Group pursuant to the bolttech Business Collaboration Agreement

The bolttech Business Collaboration Agreement provides for (a) insurance agency services by the Group for selling certain insurance products of the bolttech Group; and (b) distribution and brokerage services by the Group (or the bolttech Group) of the bolttech Group's (or the Group's) certain insurance products through its distribution channels, respectively, based on prevailing or comparable market rates and prices.

The bolttech Business Collaboration Agreement was entered into by the Group and the bolttech Group on 8 December 2020. It has a term of 15 years, terminating on 7 December 2035. Such term is consistent with normal business practice for agreements of this type.

5. Insurance products, administrative and other related services provided by the bolttech Group to the Group

The Group may purchase general insurance policies from the bolttech Group at prevailing or comparable market rates based on similar contracts with similar third parties. Further, the Group may receive administrative and other related services from the bolttech Group, including the provision and management of a customer contact centre for enquiries services on matters pertaining to claims service and support for any of the insurance products of the Group, day-to-day administration and management of the claims and customer referral services.

6. Intercompany services provided by the Group to the bolttech Group

The Group may provide intercompany services to the bolttech Group, based on prevailing or comparable market rates and prices.

CONNECTED TRANSACTIONS

7. Rental and management service received by the Group from the CK Assets Group

The Group has agreed with the CK Assets Group to (i) take a lease of the entire Main Building and Stable Block of the 1881 Heritage development; and (ii) engage an operator to operate and manage the hotel at 1881 Heritage, with pricing based on similar contracts with similar third parties.

8. Insurance agency services received by the Group from RK Consulting

The Group may receive insurance agency and related services from RK Consulting, based on prevailing or comparable market rates and prices.

9. Purchase of insurance by directors of the Group and their associates from the Group

The Group may sell insurance products to directors of Group companies and their associates. The sale of these insurance products by us to such directors and associates is on normal commercial terms in our ordinary and usual course of business and such sale constitutes an acquisition by each such individual connected person as consumer goods or services for their own private use.

10. Insurance distribution and related services received by the Group from the MoneyHero Group

The Group may receive insurance distribution, referral services and related services from, and pay commission and other fees to, the MoneyHero Group, at prevailing or comparable market rates.

11. Insurance brokerage and related services received by the Group from associate(s) of director(s) of the Group

The Group may receive insurance brokerage and related services from associate(s) of director(s) of the Group, and pay commission and other fees, to such associate(s), at prevailing or comparable market rates for similar services provided by third party brokers.

IMPLICATIONS UNDER THE LISTING RULES FOR THE FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

As the services provided and received by the Group described above will be conducted in the ordinary and usual course of business and on normal commercial terms or better, and the highest applicable percentage ratio in respect of each such transaction is expected to be, on an annual basis, less than 0.1%, such transactions fall within the *de minimis* threshold as stipulated under Rule 14A.76(1) of the Listing Rules and are fully exempt from the reporting,

CONNECTED TRANSACTIONS

annual review, announcement, circular and independent shareholders' approval requirements. In addition, the purchase of insurance by directors of the Group and their associates from the Group also falls within the exemption as stipulated under Rule 14A.97 of the Listing Rules.

CONFIRMATION FROM THE DIRECTORS

The Directors (including the independent non-executive Directors) are of the view that the partially exempt continuing connected transactions described above have been and will continue to be carried out in the ordinary and usual course of business of the Group, on normal commercial terms or better, and are fair and reasonable and in the interests of the Group and the Shareholders as a whole, and that the proposed annual caps for these transactions referred to in “– *Partially Exempt Continuing Connected Transactions*” in this section are fair and reasonable and in the interests of the Group and the Shareholders as a whole. In addition, they are of the view that it is normal business practice for the term of the bolttech Business Collaboration Agreement to be longer than three years.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that the partially exempt continuing connected transactions described above have been and will continue to be carried out in the ordinary and usual course of business of the Group, on normal commercial terms or better, and are fair and reasonable and in the interests of the Group and the Shareholders as a whole, and that the proposed annual caps for these transactions referred to in “– *Partially Exempt Continuing Connected Transactions*” in this section are fair and reasonable and in the interests of the Group and the Shareholders as a whole. In addition, they are of the view that it is normal business practice for the term of the bolttech Business Collaboration Agreement to be longer than three years.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The Board of Directors consists of thirteen Directors, comprising two Executive Directors, two Non-executive Directors and nine Independent Non-executive Directors. Brief information of the Directors is set out below:

Name	Age	Position	Date of Appointment	Date of Joining the Group	Principal Responsibilities
MA Si Hang, Frederick (馬時亨)	73	Chairman and Independent Non-executive Director	September 2021	December 2013	Provide independent opinion and judgment to the Board
LI Tzar Kai, Richard (李澤楷)	58	Executive Director	November 2020	November 2020	Overall strategic planning and business direction
HUYNH Thanh Phong (alias 黃清風)	59	Group Chief Executive Officer and Executive Director	May 2021	December 2013	Overall strategic planning and business direction
Walter KIELHOLZ	74	Non-Executive Director	September 2021	September 2021	Provide strategic advice to the Board
John DACEY	65	Non-Executive Director	December 2022	December 2022	Provide strategic advice to the Board
CHUNG Kit Hung, Martina (鍾傑鴻)	66	Independent Non-executive Director	October 2020	February 2013	Provide independent opinion and judgment to the Board

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of Appointment	Date of Joining the Group	Principal Responsibilities
John BAIRD	56	Independent Non-executive Director	September 2021	April 2015	Provide independent opinion and judgment to the Board
Dirk SLUIMERS	72	Independent Non-executive Director	May 2021	March 2016	Provide independent opinion and judgment to the Board
Laura DEAL-LACEY	49	Independent Non-executive Director	February 2025	April 2016	Provide independent opinion and judgment to the Board
Kyoko HATTORI	50	Independent Non-executive Director	September 2021	November 2017	Provide independent opinion and judgment to the Board
Yijia TIONG (張怡嘉)	40	Independent Non-executive Director	May 2021	May 2021	Provide independent opinion and judgment to the Board
LEUNG Ka Kui, Dominic (梁家駒)	77	Independent Non-executive Director	February 2025	February 2025	Provide independent opinion and judgment to the Board
Andrew WEIR	60	Independent Non-executive Director	February 2025	February 2025	Provide independent opinion and judgment to the Board

DIRECTORS AND SENIOR MANAGEMENT

Chairman

Professor MA Si Hang, Frederick (馬時亨), GBS, JP, has served as our Independent Non-Executive Director since September 2021 and in July 2022 was appointed as Chairman. Professor Ma served as our Deputy Chairman from January 2022 to July 2022. He has also served as a Director of our subsidiaries, FGL and FL, from December 2013 to July 2024, performing functions akin to those of an Independent Non-Executive Director, and as an Independent Non-Executive Director of FWD Management Holdings since May 2021.

Professor Ma has held different senior positions at various local and overseas banks, financial institutions and companies, including Chase Manhattan Bank, Royal Bank of Canada Dominion Securities, JP Morgan Chase, Kumagai Gumi (HK) Limited and Pacific Century CyberWorks Limited. In 2002, he joined the Hong Kong Government as the Secretary for Financial Services and the Treasury and assumed the post of Secretary for Commerce and Economic Development in 2007. In October 2008, he was appointed as an Honorary Professor of the School of Economics and Finance at the University of Hong Kong. In July 2009, Professor Ma was appointed as a member of the International Advisory Council of China Investment Corporation. In December 2011, he was appointed as a Permanent Honourable President of Hong Kong Special Schools Council. In 2013, he was appointed as an Honorary Professor of the Faculty of Business Administration at the Chinese University of Hong Kong and as a member of the Board of Governors of Lui Che Woo Prize Limited. From 2017 to 2020, he was appointed as the Council Chairman of The Education University of Hong Kong. In March 2023, he was appointed as a member of the Chief Executive's Council of Advisers. In 2024, he was appointed as an Honorary Professor of the Education University of Hong Kong. In February 2025, he was appointed by the Hong Kong Government as the Chairman of the Hong Kong Trade Development Council for two years from 1 June 2025 to 31 May 2027. He also serves as an Independent Non-Executive Director of HKEX listed COSCO Shipping Holdings Co., Ltd. and BOC Hong Kong (Holdings) Limited. He is also an Independent Non-Executive Director of Unicorn II Holdings Limited. Previously, he was the Chairman and Non-Executive Director of HKEX listed MTR Corporation Limited and an Independent Non-Executive Director of HKEX listed Agricultural Bank of China Limited and Guangshen Railway Company Limited.

Professor Ma graduated with a Bachelor of Arts (Honours) degree from the University of Hong Kong in November 1973, majoring in Economics and History. He was conferred an Honorary Doctor of Social Sciences by Lingnan University, City University of Hong Kong and Education University of Hong Kong in October 2014, October 2016 and November 2024 respectively.

Professor Ma has been serving the Group as an Independent Director for more than nine years. Our Company has received from Professor Ma a confirmation of independence according to Rule 3.13 of the Listing Rules. Throughout his directorship with the Group, Professor Ma has participated in board meetings to offer impartial advice and exercise independent judgment. Professor Ma has not engaged in any management role of the Group or any arrangement which would interfere with the exercise of his independent judgement.

DIRECTORS AND SENIOR MANAGEMENT

Taking into consideration the independent nature of Professor Ma's role and duties in the past years, the Board is of the view that Professor Ma's duration of service will not interfere with his carrying out the duties and responsibilities as an Independent Non-Executive Director even though he has served the Group for more than nine years. The Board considers Professor Ma to be independent and believes that the continuous appointment of Professor Ma as an Independent Non-Executive Director will help maintain the stability of the Board as Professor Ma has, over time, gained familiarity, experience and valuable insight into the business strategy, affairs and policies of the Group.

Executive Directors

LI Tzar Kai, Richard (李澤楷) was appointed to our Board in November 2020 and serves as our Executive Director. Mr. Li has also served as a Director on the boards of our subsidiaries, FGL and FL, from November 2020 to July 2024 and as an Executive Director of FWD Management Holdings since March 2024.

Mr. Li is the founder and serves as the Chairman of PCG. Mr. Li founded PCG in 1993, which has investments in the financial services, technology, media & telecommunications and property industries.

Presently, Mr. Li is the Executive Director and Chairman of HKEX listed PCCW, an information and communications technology company that PCG acquired in 1999. He is also the Executive Chairman and an Executive Director of HKEX listed HKT, a telecommunications company that PCCW acquired in 2000. He also serves as Chairman and Executive Director of Singapore Exchange listed Pacific Century Regional Developments Limited, as Executive Director of HKEX listed Pacific Century Premium Developments Limited and as Chairman of bolttech Holdings. In 2010, he acquired the asset management business of AIG through PCG, which was subsequently renamed as PineBridge. Mr. Li is a Non-Executive Director of PineBridge.

Mr. Li is a member of the Center for Strategic and International Studies' International Councillors Group in Washington, D.C. He was awarded the Lifetime Achievement Award by the Cable & Satellite Broadcasting Association of Asia in November 2011.

HUYNH Thanh Phong (alias 黃清風) is our Group Chief Executive Officer, a position he has held since March 2014, with responsibility to lead our regional business, operations and strategic development. Mr. Huynh has served as a Director of our subsidiaries, FGL and FL, from March 2014 to July 2024 and was appointed as an Executive Director of FWD Management Holdings in May 2021. He also held various positions on the boards of certain other companies in our Group from December 2013 to March 2024. Mr. Huynh is an insurance professional with more than 30 years of experience in the insurance industry, covering North America, Asia and the Middle East.

DIRECTORS AND SENIOR MANAGEMENT

Before joining our Group, he worked with Argyle Street Management, a Hong Kong-based investment fund, in an advisory role from 2013 to 2014. From 2010 to 2013, Mr. Huynh was Regional Chief Executive for the AIA Group (“**AIA**”), responsible for leading its business operations in Singapore, Indonesia, Malaysia, Vietnam, India, Thailand and Sri Lanka. From 2009 to 2010, he served as Executive Vice President for Insurance at Fullerton Financial Holdings, a wholly owned subsidiary of Temasek Holdings, where he was responsible for building the insurance business in Indonesia, Malaysia, Vietnam, China, India, Pakistan and the Middle East. He also worked for 12 years at Prudential plc, where he held a number of senior level positions including the founding Chief Executive Officer of Prudential Vietnam and Managing Director for Prudential Corporation Asia, responsible for managing its operations in East Asia, Southeast Asia and the Middle East. He started his career in Canada with Crown Life, and moved to Manulife Financial, where he was appointed as Manulife’s Appointed Actuary for the Greater China Region in 1992.

Mr. Huynh is a qualified actuary and a Fellow of the Society of Actuaries (USA). He was awarded the title of Officer of the Order of the British Empire by Queen Elizabeth II in June 2005 in recognition of his contribution in promoting UK financial services in Vietnam. Mr. Huynh graduated in June 1986 with a Bachelor of Science degree from the University of Alberta, Canada.

Non-executive Directors

Walter KIELHOLZ has served as our Non-Executive Director since September 2021. Mr. Kielholz has also served as a Non-Executive Director of FWD Management Holdings since July 2023.

Mr. Kielholz was named Honorary Chairman of Swiss Re Group since April 2021. After graduating in finance and accounting, he began his career at General Reinsurance Corporation, Zurich, in 1976. In 1986 he joined Credit Suisse, where he was responsible for banking relationships with large insurance groups. He joined reinsurer Swiss Re Group in 1989, becoming an Executive Board member in 1993, and served as Swiss Re Group’s Chief Executive Officer from 1997 to 2002. He became Vice Chairman of Swiss Re Group’s board in 2003 and served as Chairman from 2009 until April 2021, when he took up his present honorary role. He has served on a number of Swiss Re Group Committees throughout his long and distinguished career at Swiss Re Group, including the Finance and Risk Committees and the Chairman’s and Governance Committee.

Mr. Kielholz’s positions outside of Swiss Re Group include tenure on the board of Credit Suisse (1999 to 2014, Chairman from 2003 to 2009). He was elected to the International Insurance Society’s Hall of Fame in March 2005 and awarded with the Honorary Citizen Award in Singapore in August 2022. Mr. Kielholz graduated in October 1975 with a Business, Finance and Accounting degree from the University of St. Gallen, Switzerland.

DIRECTORS AND SENIOR MANAGEMENT

John DACEY has served as our Non-Executive Director since December 2022. He has also served as a Director of our subsidiaries, FGL and FL, from December 2022 to July 2024 and as a Non-Executive Director of FWD Management Holdings since April 2024.

Before Mr. Dacey's retirement from his executive role at Swiss Re on 31 March 2025, he was the Group Chief Financial Officer at Swiss Re Ltd, which is listed on SIX Swiss Exchange, a position he held from April 2018. He joined Swiss Re in October 2012 and was appointed Group Chief Strategy Officer and member of the Group Executive Committee in November 2012. He also served as Chairman of Admin Re[®] from November 2012 to May 2015. Mr. Dacey is a Non-Executive Director of HKEX listed China Pacific Insurance (Group) Co., Ltd.

Mr. Dacey started his career in 1986 at the Federal Reserve Bank of New York. From 1990 to 1998, he was a consultant and subsequently Partner at McKinsey & Company. He joined Winterthur Insurance in 1998 and was its Chief Financial Officer from 2000 to 2004 as well as member of its Group Executive Board until 2007. From 2005 to 2007, he was Chief Strategy Officer and member of its Risk and Investment Committees. He joined AXA in 2007 as Group Regional Chief Executive Officer and Group Vice Chairman for Asia-Pacific as well as member of their Group Executive Committee.

Mr. Dacey graduated with a Bachelor's degree in Economics from Washington University in August 1982, and received a Master's degree in Public Policy from Harvard University in November 1986.

Independent Non-executive Directors

CHUNG Kit Hung, Martina (鍾傑鴻) was appointed to our Board in October 2020 and serves as our Independent Non-Executive Director. She currently serves as an Independent Non-Executive Director of FWD Management Holdings. She has also served as a Director of our subsidiaries, FGL and FL, from December 2013 to July 2024. She has also acted as a Director in other companies affiliated with, or in, our Group, including in FWD Financial Services from September 2017 to February 2024 and in FWD Group Management from July 2013 to January 2024. At each of these subsidiaries and companies affiliated with, or in, our Group, Ms. Chung's role was akin to that of an Independent Non-Executive Director. Previously, Ms. Chung served as a Director of PCGI and FWD Pension Trust (renamed to Sun Life Pension Trust Limited in 2017).

Ms. Chung's experience in the Asian life insurance industry spans more than three decades. She joined PCG in October 2011 and was responsible for business development and strategy as its Executive Vice President, Business Development. Prior to joining PCG, Ms. Chung spent 21 years with AIA, where she held a number of management positions, including as Head of Group Corporate Planning, executive oversight for Finance & Actuarial and Group Chief Actuary. She was also a member of the AIA Executive Committee.

Ms. Chung is a Fellow of the Society of Actuaries (United States). She graduated from the University of Toronto with a Bachelor of Arts degree in November 1980.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Chung has been serving the Group as an Independent Director for more than nine years. Our Company has received from Ms. Chung a confirmation of independence according to Rule 3.13 of the Listing Rules. Throughout her directorship with the Group, Ms. Chung has participated in board meetings to offer impartial advice and exercise independent judgment. Ms. Chung has not engaged in any management role of the Group or any arrangement which would interfere with the exercise of her independent judgement. Taking into consideration the independent nature of Ms. Chung's role and duties in the past years, the Board is of the view that Ms. Chung's duration of service will not interfere with her carrying out the duties and responsibilities as an Independent Non-Executive Director even though she has served the Group for more than nine years. The Board considers Ms. Chung to be independent and believes that the continuous appointment of Ms. Chung as an Independent Non-Executive Director will help maintain the stability of the Board as Ms. Chung has, over time, gained familiarity, experience and valuable insight into the business strategy, affairs and policies of the Group.

The Honourable John BAIRD, P.C. has served as our Independent Non-Executive Director since September 2021. He has also served as a Director of our subsidiaries, FGL and FL, from April 2015 to July 2024, performing functions akin to those of an Independent Non-Executive Director, and as an Independent Non-Executive Director of FWD Management Holdings since November 2021. Mr. Baird has also been a Non-Executive Director of our affiliated company, PineBridge, since 2015.

Mr. Baird is a former Senior Cabinet Minister in the Government of Canada and serves as a Senior Advisor to various enterprises. An instrumental figure in bilateral trade and investment relationships, Mr. Baird has played a leading role in the Canada-China dialogue and worked to build ties with ASEAN countries. In addition, Mr. Baird has worked closely with international leaders to strengthen security and economic ties with the United States and Middle Eastern countries. A native of Ottawa, Mr. Baird spent three terms as a Member of Parliament and four years as Foreign Minister. He also served as President of the Treasury Board, Minister of the Environment, Minister of Transport and Infrastructure, and Leader of the Government in the House of Commons. In 2010, he was selected by Members of Parliament from all parties as Parliamentarian of the Year. Prior to entering federal politics, Mr. Baird spent ten years in the Ontario Legislature where he served as Minister of Community and Social Services, Minister of Energy, and Government House Leader.

Mr. Baird has served as a Senior Business Advisor with Bennett Jones LLP, a Canadian law firm, since 2015. In addition, Mr. Baird holds positions on the International Advisory Board of New York Stock Exchange and Toronto Stock Exchange listed Barrick Gold Corp. and New York Stock Exchange and Toronto Stock Exchange listed Corporate Boards of Canadian Pacific Kansas City, and serves as chair of Toronto Stock Exchange listed Canadian Forest Products (Canfor) and Canfor Pulp Products Inc. He serves as a Senior Advisor at Eurasia Group, a global political risk consultancy. Mr. Baird also volunteers his time with Community Living Ontario, an organisation that supports individuals with developmental disabilities, and is a board member of the Friends of Israel Initiative.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Baird graduated in May 1992 with an Honours Bachelor of Arts degree in Political Studies, and was conferred an Honorary Doctor of Laws in June 2018, from Queen's University at Kingston.

Mr. Baird has been serving the Group as an Independent Director for more than nine years. Our Company has received from Mr. Baird a confirmation of independence according to Rule 3.13 of the Listing Rules. Throughout his directorship with the Group, Mr. Baird has participated in board meetings to offer impartial advice and exercise independent judgment. Mr. Baird has not engaged in any management role of the Group or any arrangement which would interfere with the exercise of his independent judgement. Taking into consideration the independent nature of Mr. Baird's role and duties in the past years, the Board is of the view that Mr. Baird's duration of service will not interfere with him carrying out the duties and responsibilities as an Independent Non-Executive Director even though he has served the Group for more than nine years. The Board considers Mr. Baird to be independent and believes that the continuous appointment of Mr. Baird as an Independent Non-Executive Director will benefit the Board by allowing it to draw on Mr. Baird's perspective gained through his extensive experience in the trade and investment sectors and his familiarity with the business of the Group.

Dirk SLUIMERS has served as our Independent Non-Executive Director since May 2021. He has served as a Director of our subsidiaries, FGL and FL, from March 2016 to July 2024, performing functions akin to those of an Independent Non-Executive Director, and as an Independent Non-Executive Director of FWD Management Holdings since May 2021.

From 2008 to 2016, Mr. Sluimers was the Chief Executive Officer of APG Group, which provides asset management, administration and fiduciary services for pension funds. Between 2016 and 2021, he was an Extraordinary State Councillor for the Council of State, which is the main advisory body of the Dutch government under chairmanship of King Willem Alexander of the Netherlands. Mr. Sluimers also serves as Vice Chairman of the Supervisory Board of Euronext Paris listed Euronext NV, Chairman of the Supervisory Board of Euronext Amsterdam NV and Chairman of the Supervisory Board of NIBC Bank. Mr. Sluimers is a member of the Advisory Boards of Quore Capital and Spencer Stuart Executive Search. Additionally, he is an advisor to Bank of America, Arrow Global Ltd and Equitix Ltd. He currently serves on a number of cultural and educational boards, including as a member of the Board of Governors of the State Academy for Finance and Economics, member of the Royal Dutch Society of Science and he is Chairman of the Thorbecke Fund. In September 2017, he was appointed to the Electoral Committee of the Dutch Liberal Party, having previously served in this Committee for the elections in 2010 and 2012. From 2003 to 2008, Mr. Sluimers was Chairman of the Board of Directors and Chief Financial Officer of ABP, the pension fund. Between 1991 and 2003, he held various positions at the Dutch Ministry of Finance, lastly as Director General of the Budget. Between 1987 and 1991, he was Deputy Director General at the Ministry of Public Health, and from 1979 to 1987, he held senior positions at the Ministry of Social Affairs and the Ministry of Finance. Previously, he was also a member of the Supervisory Board of the Euronext Amsterdam listed AkzoNobel NV between 2015 and 2025, and a member of the Supervisory Boards of Atradius NV, Fokker

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NV, the National Investment Bank NV, Inter Access NV and ABP Insurance NV. He has also served on the Board of Trustees of the IFRS Foundation, the supervisory body of the International Accounting Standards Board and the Advisory Board of Rabobank. He was also the Chairman of the Board of Governors of the Postgraduate Programme for Treasury Management at the University of Amsterdam.

He graduated in April 1980 with a Master's degree in Economics from the Erasmus University Rotterdam and is an Officer in the Order of Orange Nassau.

Mr. Sluimers has been serving the Group as an Independent Director for more than nine years. Our Company has received from Mr. Sluimers a confirmation of independence according to Rule 3.13 of the Listing Rules. Throughout his directorship with the Group, Mr. Sluimers has participated in board meetings to offer impartial advice and exercise independent judgment. Mr. Sluimers has not engaged in any management role of the Group or any arrangement which would interfere with the exercise of his independent judgement. Taking into consideration the independent nature of Mr. Sluimers' role and duties in the past years, the Board is of the view that Mr. Sluimers' duration of service will not interfere with him carrying out the duties and responsibilities as an Independent Non-Executive Director even though he has served the Group for more than nine years. The Board considers Mr. Sluimers to be independent and believes that the continuous appointment of Mr. Sluimers as an Independent Non-Executive Director will benefit the Board by allowing it to draw on his considerable experience advising financial institutions combined with his familiarity with the business of the Group.

Laura DEAL-LACEY has served as our Independent Non-Executive Director since February 2025. She has also served as an Independent Non-Executive Director of FWD Management Holdings since February 2025. Previously, she has served as an Independent Non-Executive Director and the Chairman of the Board of FWD Singapore from 2016 to 2025, and 2022 to 2025 respectively.

Ms. Deal-Lacey currently serves as the Executive Vice-President for the international pillar of the Milken Institute, a global financial think tank, overseeing the extension of the Institute's programs and research to global markets (Europe, Latin America, Middle East, Asia and Africa), and has held various positions at the Milken Institute since she joined in 2013. Prior to joining the Milken Institute, Ms. Deal-Lacey served as the Executive Director of the American Chamber of Commerce in Singapore, the largest American chamber in Southeast Asia from 2008 to 2010. Before moving to Asia, from 2000 to 2008, she worked in Edelman in New York and at the World Economic Forum in Geneva. Additionally, she has served as an Advisory Board Member of Sim Kee Boon Institute for Financial Economics at the Singapore Management University since 2021, and as an Independent Director of Singapore Exchange listed Pacific Century Regional Developments Limited from 2015 to 2024.

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Ms. Deal-Lacey obtained a Bachelor of Science degree from Arizona State University in May 1997, a Master of Science from Columbia University in the City of New York in February 2008, and an International Directors Certificate in corporate governance from INSEAD in February 2019.

Ms. Deal-Lacey has been serving the Group as an Independent Director for more than nine years. Our Company has received from Ms. Deal-Lacey a confirmation of independence according to Rule 3.13 of the Listing Rules. Throughout her directorship with the Group, Ms. Deal-Lacey has participated in board meetings to offer impartial advice and exercise independent judgment. Ms. Deal-Lacey has not engaged in any management role of the Group or any arrangement which would interfere with the exercise of her independent judgement. Taking into consideration the independent nature of Ms. Deal-Lacey's role and duties in the past years, the Board is of the view that Ms. Deal-Lacey's duration of service will not interfere with her carrying out the duties and responsibilities as an Independent Non-Executive Director even though she has served the Group for more than nine years. The Board considers Ms. Deal-Lacey to be independent and believes that the continuous appointment of Ms. Deal-Lacey as an Independent Non-Executive Director will benefit the Board by allowing it to draw on her familiarity, experience and valuable insight into the Southeast Asian market and the business strategy, affairs and policies of the Group that she gained while being a Director of the Board of FWD Singapore.

Kyoko HATTORI has served as our Independent Non-Executive Director since September 2021. She has also served as a Director of our subsidiaries, FGL and FL, from November 2017 to July 2024 and of FWD Life Japan since December 2017, performing functions at these companies akin to those of an Independent Non-Executive Director. She has been an Independent Non-Executive Director of FWD Management Holdings since May 2021.

Ms. Hattori holds the position of Vice President at Pace gallery focusing on developing a Japanese collector base for the gallery and cultivating new relationships with local artists and institutions in Japan. From 2016 to 2024, she was a Regional Director at Phillips Auctioneers Limited in Japan where she started their Tokyo office in 2016 and was responsible for the management of client relationships and development of the collector base. From 2013 to 2015, Ms. Hattori was a Consultant at Spencer Stuart & Associates, where she led executive searches for both Japanese and global clients in the consumer industry. Between 2004 and 2013, she rose from Associate to Director at Aetos Japan, where she was in charge of deal origination and management of client relationships and transactions including hard assets, non-performing loans and mergers & acquisitions, with a focus on Japanese and foreign financial institutions, and spearheading the company's marketing efforts. From 2002 to 2004, she worked at Space Design, a property developer, as a Manager and subsequently an Executive Officer, overseeing their business planning, marketing and project management. Ms. Hattori started her career in 1998 with a four-year stint as a business analyst and an associate at McKinsey & Company, providing consulting services to clients in the banking, insurance, pharmaceutical and FMCG industries.

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She graduated from University of Tokyo with a degree in Economics in March 1998.

Yijia TIONG (張怡嘉) has served as our Independent Non-Executive Director since May 2021. She has also served as an Independent Non-Executive Director of FWD Management Holdings since January 2022.

Ms. Tiong is the Chief Executive Officer of Ming Pao Newspapers Limited, a Hong Kong-based newspaper publication. She was appointed to this position in July 2024 and was previously the Chief Strategy Officer at Ming Pao Newspapers Limited, a position she held since 2017. She has extensive experience in business development, sales and marketing, media operations and corporate management. She also serves as an Executive Director and is a member of the Group Executive Committee and Sustainability Committee of Media Chinese International Limited, which is dual-listed on HKEX and Bursa Malaysia Securities Berhad. Additionally, Ms. Tiong is a Director of Ming Pao Holdings Limited and WAW Creation Limited (formerly known as MCIL Digital Limited) and a member of the Executive Committee of The Malaysian Chamber of Commerce (Hong Kong & Macau).

She graduated from the University of Melbourne with a Bachelor of Arts degree in Art History and Politics and a Bachelor of Commerce degree in Economics and Management in December 2007. She obtained the Pearson SRF BTEC Level 7 Advanced Professional Diploma for The Financial Times Non-Executive Director in May 2023.

LEUNG Ka Kui, Dominic (梁家駒) has served as our Independent Non-Executive Director since February 2025. He has also served as an Independent Non-Executive Director of FWD Management Holdings since February 2025. Mr. Leung has over 40 years of experience in the insurance industry.

Mr. Leung held various positions at Ping An Group from 2004 to 2013, including as its Chief Advisor, Executive Vice President and Chief Insurance Business Officer. He also served as Chairman and Chief Executive Officer of Ping An Life Insurance Company of China, Ltd from 2004 to 2006. From 1996 to 2003, Mr. Leung was the Managing Director of Greater China in Prudential Corporation Asia Ltd. From 1989 to 1996, he worked in Taiwan Nanshan Life Insurance Company, Ltd., and the last position he held before his departure was General Manager. From 1975 to 1989, Mr. Leung worked at AIA and the last position he held before his departure was Vice President. Mr. Leung also served as a Non-Executive Director of Ping An Health Insurance Company of China, Ltd. from 2009 to 2024, an Independent Non-Executive Director of AIA Company Limited from 2015 to 2022, and a Non-Executive Director of China Post Life Insurance Company Limited from 2022 to 2024.

He obtained a Bachelor's degree in Science and a Diploma in Systems Analysis from the Chinese University of Hong Kong in October 1971 and October 1974 respectively, and is also designated as a Fellow, Life Management Institute of the Life Office Management Association in Atlanta, USA.

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Andrew WEIR, BBS, MBE, JP, has served as our Independent Non-Executive Director since February 2025. He has also served as an Independent Non-Executive Director of FWD Management Holdings since February 2025. Mr. Weir has extensive experience servicing boards and audit committees of listed companies, financial services, public bodies, and family offices in Hong Kong, China, UK, Asia, and the Middle East across a broad range of sectors. Mr. Weir retired from KPMG in September 2024 after 33 years of working there, and had held the positions of Regional Senior Partner of KPMG in Hong Kong, Vice Chairman of KPMG China, Global Chairman of Asset Management and sat on the Global Financial Services Steering Group.

Mr. Weir currently serves as the Chairman of the Listing Review Committee of the Hong Kong Stock Exchange since 2022. He also serves as a Council Member of the Hong Kong Institute of Directors and as the Convenor of the Corporate Governance Committee of the Financial Services Development Council, a position he has held since 2019. In addition, he holds various positions in the Hong Kong Jockey Club, including serving as the Chairman of the Audit and Risk Committee since 2023 (and a member since 2022), a member of the Finance Committee since 2021, a member of the Investment Committee since 2021, a member of the Nomination Committee since 2024, and a trustee of the Hong Kong Jockey Club Charities Trust since 2021.

Previously, Mr. Weir served as the Chairman of the Listing Committee of the Hong Kong Stock Exchange from 2017 to 2020. In respect of the Financial Services Development Council, he served as a Council Member and as a Member of the Policy Research Committee from 2017 to 2019. Additionally, Mr. Weir served as a Council Member and was a member of the Finance Committee of the Trade Development Council from 2016 to 2022.

Mr. Weir currently holds several other positions, including as Chair of the Supervisory Board of the British Chamber of Commerce since 2023, and as the Steward of The Hong Kong Jockey Club since 2021. Additionally, he has served as Director of The Hong Kong Institute of Directors Limited since 2021, and has been a Director and Vice Chairman of Financial Services Development Council since 2019 and 2023 respectively. Mr. Weir was appointed as a Director and Chairman of Pacific Basin Economic Council Limited in 2014 and in 2017 respectively. He was also appointed as an Independent Non-Executive Director of Standard Chartered Bank (Hong Kong) Limited in 2025. He has also served as a Director of Plan International Hong Kong Limited since 2010, as well as previously serving as the Chair of its Finance and Administration Committee from 2014 to 2024.

Mr. Weir is a Fellow and Council Member of the Institute of Chartered Accountants in England and Wales and a Fellow of the Hong Kong Institute of Certified Public Accountants. He is also a Fellow and Council Member of the Hong Kong Institute of Directors. He has also been a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since September 1993.

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Mr. Weir was awarded a Bachelor's degree in Economics and a Master's degree in Economic Development from the University of Leicester in July 1986 and July 1987 respectively.

Save as disclosed above in “– *Board of Directors*” above and “*Appendix V – Statutory and General Information*”, each Director had not held any other directorships in listed companies during the three years immediately prior to the Latest Practicable Date and there is no other information in respect of the Directors to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

SENIOR MANAGEMENT OF THE GROUP

The Executive Directors and members of the senior management of the Group are responsible for the day-to-day management of our business. Certain information relating to the Executive Directors is set out in “– *Board of Directors*” above.

The members of the senior management of the Group include the following:

Name	Age	Position in the Group	Roles and Responsibilities	Date of Appointment as Senior Management	Date of Joining the Group
HUYNH Thanh Phong (alias 黃清風)	59	Group Chief Executive Officer and Executive Director	Overall strategic planning and business direction	March 2014	December 2013
Siddhartha SANKARAN	47	Group Chief Financial Officer and Group Chief Operating Officer	Leads the finance, actuarial, investment and governance functions across the Group, oversees financial direction and strategy, and responsible for coordinating our Group functions and providing Group leadership to our businesses in Hong Kong and Macau and Japan	September 2023	June 2023

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Name	Age	Position in the Group	Roles and Responsibilities	Date of Appointment as Senior Management	Date of Joining the Group
Binayak DUTTA	52	Senior Managing Director, Southeast Asia and Group Chief Business Operations Officer	Oversees our life insurance businesses in Southeast Asia (including our businesses in Thailand and Cambodia), growth and development of our accident and health business, and responsible for the Group's core technology and customer functions, and brand and marketing team	November 2016	November 2016
LAU Chi Kin (柳志堅)	57	Managing Director, Greater China, and Chief Executive Officer, Hong Kong	Leads our business growth and development in Mainland China, Macau and Hong Kong	March 2018	January 2018
Lee Yen HO	54	Group Chief Distribution and Proposition Officer	Responsible for the Group's agency, partnership, independent financial advisor, proposition, and digital commerce functions	January 2024	January 2024
Peter REYNOLDS	44	Group Chief Strategic Development Officer	Leads our strategy, business development, financial planning and analysis and ESG functions	November 2024	November 2024

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Name	Age	Position in the Group	Roles and Responsibilities	Date of Appointment as Senior Management	Date of Joining the Group
Jeremy PORTER	57	Group Chief Risk Officer	Responsible for the Group's risk and compliance functions	February 2023	February 2023
CHOW Hun Chi Julie (周幸子)	52	Group Chief Human Resources Officer	Responsible for the Group's people, culture and organisational strategy, people operations and property and facilities management	March 2023	October 2017
Jong Hoon KIM	46	Group Chief Digital Officer	Leads our digital, artificial intelligence, data and innovation initiatives	January 2024	May 2019
David KORUNIĆ	59	Chief Executive Officer, Thailand and Cambodia	Leads our business growth and development in Thailand and Cambodia	October 2020	July 2019
Tsuyoshi IJICHI	59	Representative Director, President and Chief Executive Officer, Japan	Leads our business growth and development in Japan	January 2025	January 2025
Michael VAN VUUREN	45	Group Chief Actuary	Leads our actuarial function across the Group	January 2025	September 2021

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Name	Age	Position in the Group	Roles and Responsibilities	Date of Appointment as Senior Management	Date of Joining the Group
Sandeep PANDEY	53	Group Chief Technology and Operations Officer	Responsible for the Group's technology, information security and shared services teams, and oversees the Group's customer function and Omne	January 2025	September 2020

HUYNH Thanh Phong (alias 黃清風) is our Group Chief Executive Officer, a position he has held since March 2014. Mr. Huynh has served as a Director of our subsidiaries, FGL and FL, from March 2014 to July 2024 and was appointed as an Executive Director of FWD Management Holdings in May 2021. For further details of Mr. Huynh, please refer to the paragraph headed “*Directors and Senior Management – Board of Directors – Executive Directors – HUYNH Thanh Phong*” in this section.

Siddhartha SANKARAN has served as the Group Chief Financial Officer and Group Chief Operating Officer since January 2025 and joined the Group as a Senior Advisor in June 2023, and was the Managing Director and Group Chief Financial Officer from September 2023 to December 2024. He heads our finance, actuarial, investment and governance functions, overseeing its financial direction and strategy, and responsible for coordinating our Group functions and providing Group leadership to our businesses in Hong Kong and Macau, and Japan. Mr. Sankaran has over 25 years of insurance industry experience. Previously, Mr. Sankaran was the Chairman and CEO of SiriusPoint Ltd. from the company’s inception and listing in February 2021 until May 2022, having served as the Chairman of the Board of Directors of Third Point Reinsurance Ltd. from August 2020 to February 2021 (and as a Director from August 2019 to February 2021), during its acquisition of Sirius Group. Prior to this, Mr. Sankaran was Chief Financial Officer of New York Stock Exchange listed Oscar Health from March 2019 to March 2021 and also acted as interim Chief Financial Officer from December 2022 to August 2023. Mr. Sankaran joined the Board of Directors of Oscar Health in February 2021. Earlier in his career, Mr. Sankaran worked from November 2010 until December 2018 at AIG, first as Chief Risk Officer and later as Chief Financial Officer. Prior to joining AIG, Mr. Sankaran was a Partner in the Finance and Risk practice of Oliver Wyman Financial Services, where he led the company’s Toronto office. Mr. Sankaran graduated with distinction from the University of Waterloo with a Bachelor of Mathematics majoring in Actuarial Science in June 1999.

Binayak DUTTA has served as the Senior Managing Director, Southeast Asia and Group Chief Business Operations Officer since January 2025 and joined the Group as Group Chief Distribution Officer in November 2016, and was the Managing Director, Emerging Markets from February 2018 to December 2024. He oversees our life insurance companies in

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Southeast Asia (including our businesses in Thailand and Cambodia), growth and development of our accident and health business, and leads the Group's core technology and customer functions, and brand and marketing team. He has over 20 years of experience in the insurance industry in Asia. He holds various board positions within our Group, including in Indonesia, Malaysia, Singapore, Thailand and Vietnam. Prior to joining us, he served as the Chief Executive Officer of Prudential Life Assurance (Thailand) Public Company Limited and has a track record in leading multi-national insurers through diverse phases from start-up to acquisition, merger and realignment. Mr. Dutta graduated with a Bachelor of Economics degree from Jadavpur University in August 1994 and obtained a Master of Business Management degree from the Institute of Management Technology in India in June 1996.

LAU Chi Kin (柳志堅) has served as the Managing Director, Greater China and Chief Executive Officer, Hong Kong, since March 2018. He manages our business in Hong Kong and Macau, spearheading a technology-driven, customer-led strategy, and is responsible for driving our expansion plans into Greater China. He also serves as a Director on the board of FWD Philippines. Mr. Lau has more than 30 years of experience in the insurance industry in Asia, having held a number of senior management positions, including as the Chief Executive Officer of Union Life and as President of Ping An Life in China. Mr. Lau graduated from the University of Hong Kong with a Bachelor of Science degree in December 1989 and is a Fellow of the Society of Actuaries.

Lee Yen HO has served as our Group Chief Distribution and Proposition Officer since January 2024 and leads our agency, partnership, independent financial advisor, proposition, and digital commerce functions. She has extensive experience in the insurance industry including in actuarial, distribution, marketing and customer solutions roles. Prior to joining our company, Ms. Ho was the Chief Executive Officer of HSBC Life Singapore where she completed the acquisition of AXA Singapore and legally integrated HSBC Life and AXA Singapore within one year post completion of the acquisition. Before joining HSBC Life Singapore, she worked for AIA Singapore for over 10 years where she held various senior positions including Chief Distribution Officer, Chief Customer and Marketing Officer and Chief Partnership Officer. As Chief Customer and Marketing Officer, she was instrumental in the launch of AIA Vitality, a science-backed health and wellness programme, and initiated the development of innovative solutions to strengthen customer propositions. Ms. Ho graduated with a Bachelor of Business degree in Actuarial Science in May 1993 from the Nanyang Technological University. She is Fellow of Institute of Actuaries and Fellow of the Life Management Institute.

Peter REYNOLDS has served as our Group Chief Strategic Development Officer since November 2024. He leads the Group's strategy, business development, financial planning and analysis and ESG functions. Mr. Reynolds has over 20 years of experience in global financial services consulting, gained from his various leadership positions in the Hong Kong, New York and London offices of Oliver Wyman, an international management consulting firm. Prior to joining us, Mr. Reynolds held the position of Asia-Pacific Head of Industries and Financial Services at the Hong Kong office of Oliver Wyman. From 2019 to 2023, he was the

DIRECTORS AND SENIOR MANAGEMENT

Head of Greater China and also spent time as Head of Oliver Wyman's Climate and Sustainability practice in Asia Pacific, leading on, among other things, management and business transformations. He was responsible for a broad range of strategy engagements and development of client relationships when he was the co-Head of Greater China Financial Services at the same office from 2016 to 2019. Mr. Reynolds completed a Bachelor of Arts degree in Modern History and Economics from the University of Oxford in June 2002, and graduated with a Master of Business Administration with a distinction from INSEAD in 2008.

Jeremy PORTER has served as our Group Chief Risk Officer since February 2023. He now leads the Group's risk and compliance functions. Mr. Porter has extensive experience in the insurance industry, gained from leadership experience in finance, risk, and actuarial roles. He also has 10 years of direct experience in risk management. Prior to joining our Group, Mr. Porter held the position of Chief Risk Officer for AXA Hong Kong and Macau from October 2019 to January 2023. Previously, he was Group Chief Risk Actuary for HSBC Insurance. Mr. Porter graduated with a Bachelor of Arts degree in Mathematics in June 1989 from the University of Cambridge. Mr. Porter is a Fellow of the Institute of Actuaries (UK).

CHOW Hun Chi, Julie (周幸子) joined the Group in October 2017, has served as our Group Chief Human Resources Officer since March 2023 and leads our people, organisation and human resources strategy, driving a well-being strategy to foster a caring and performance driven culture across the Group, as well as our property and facilities management team. Ms. Chow has more than 25 years of experience in the human resources industry, gained from leading diverse teams across Asia Pacific with companies including Zurich Insurance, the Royal Bank of Scotland Group, HSBC and Cathay Pacific Airways. Ms. Chow has broad experience across a range of human resources areas including total rewards, employee well-being, performance management, talent acquisition and management, and HR business partnering. Ms. Chow graduated with a Bachelor's degree of Commerce and Business Administration with a major in Accounting from the University of British Columbia in May 1995 and she successfully passed the Certified Public Accountant examination in February 1999.

Jong Hoon KIM has served as our Group Chief Digital Officer since May 2019. He leads our digital, artificial intelligence, data and innovation initiatives. Mr. Kim has more than 20 years of experience in the digital and technology sector and more than 12 years of experience in the financial services industry in Asia. Before joining our company, Mr. Kim was the Managing Director and Regional Head of Digital for Greater China & North Asia at Standard Chartered Bank from 2017 to 2019, where he managed the digital strategy, various digital alliance and marketing initiatives, and drove digital innovation in the business transformation for the bank. Before that, he held various leadership roles at Standard Chartered Bank as the head of segment for retail banking in Korea, the program director for bank digitisation and as a management consultant at Accenture. Mr. Kim graduated with a Bachelor of Information Systems from Monash University in October 2003 and a Master of Business Administration degree from The University of Chicago Booth School of Business in March 2015.

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David KORUNIĆ joined the Group in July 2019 and now serves as the Chief Executive Officer of FWD Thailand and Cambodia. He is a qualified Chartered Accountant who has over 30 years' experience in the life insurance industry in Asia. Previous roles include various country and regional financial controller roles and country CFO and CEO roles including with Manulife from December 1989 to February 1997, Allianz from February 1997 to November 2003, Prudential Corporation Asia from November 2003 to August 2004, AXA from August 2004 to December 2018 and SCB Life, now amalgamated with FWD Thailand, from September 2019 to October 2020. Mr. Korunić received a Bachelor of Commerce degree from University of Canterbury, New Zealand in 1986.

Tsuyoshi IJICHI has served as our Representative Director, President and Chief Executive Officer of FWD Life Japan since January 2025. He has over 25 years of financial services experience in Japan. Previously Mr. Ijichi held several key roles at MetLife Insurance K.K., including as Representative Statutory Executive Officer and Deputy President from 2022 to 2024. Earlier in his career, Mr. Ijichi was at General Electric Company, including as President and Chief Executive Officer of GE Nissen Credit JV, GE Capital from 2006 to 2011. Mr. Ijichi started his career at Sanwa Bank Ltd (now Mitsubishi UFJ Financial Group) in 1988. Mr. Ijichi obtained his Bachelor of Economics at the University of Tokyo in March 1988 and was awarded a Master of Business Administration from Duke University's Fuqua School of Business in May 1993.

Michael VAN VUUREN has served as the Group Chief Actuary since joining the Group in September 2021. He leads the actuarial function across the Group where his responsibility spans financial reporting, balance sheet management, reinsurance and capital management as well as products and compensation. With over 25 years of insurance sector experience in Asia, UK, Europe and South Africa, he joined the Group from KPMG based in Hong Kong where he was leading the Asia Pacific Actuarial and Insurance Risk Management practice from 2016 to 2021. Prior to this Mr. van Vuuren held positions with EY based in London from 2004 to 2016 where he last led the UK firm's Finance, Actuarial and Insurance Risk Management services and in South Africa within a local insurer from 2002 to 2004. Mr. van Vuuren is a Fellow of the Institute of Actuaries (UK) and graduated with a Bachelor of Science degree with Honours in Actuarial Science Statistics and Advanced Mathematics of Finance from the University of Witwatersrand, South Africa in February 2002.

Sandeep PANDEY joined the Group in September 2020 and has served as our Group Chief Technology and Operations Officer since March 2024. He oversees all aspects of enterprise IT, including strategy, architecture, cloud, security and applications. He also manages our customer function, internal insurance operating platform, and consumer engagement and policy servicing platform. Mr. Pandey has over 20 years of global experience in the insurance sector, where he focused on information technology, digital initiatives, and customer experience. Prior to joining our Group, Mr. Pandey served as Group Director of Architecture, Programmes and Operations at Bupa from February 2019 to September 2020. Before joining Bupa, Mr. Pandey worked at AIA for over 10 years, during which he held various senior positions including Chief Technology Officer of AIA Malaysia from March 2017 to January 2019 and Director and Head of IT Transformation of AIA

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International, Hong Kong from October 2013 to February 2018. Mr. Pandey graduated from the University of Mumbai with a Bachelor of Science (Physics) in April 1992 and a Bachelor of Engineering, Computer Technology in April 1995.

COMPANY SECRETARY

YEUNG John Sze has been appointed as our Company Secretary with effect from March 2024. Mr. Yeung has served as our Group Head of Regulatory Affairs and Company Secretariat since April 2024 and joined the Group in December 2022. He leads our regulatory affairs and company secretariat teams with over 25 years of experience as a lawyer including over 14 years as an in-house counsel with insurance groups. Prior to joining our Company, Mr. Yeung was at AIA for approximately 12 years as the Head of Regulatory Compliance and before that, as a Regulatory Counsel. Mr. Yeung graduated with a Bachelor of Science degree from the University of Toronto in June 1990. He also obtained a Master of Business Administration degree from York University in June 1992, a law degree from the University of Victoria in May 1996 and a Master of Laws degree from York University in June 1999. Mr. Yeung was admitted as a solicitor in Hong Kong in April 2005.

BOARD COMMITTEES

The Board has established the audit committee, the compensation committee, the nomination and corporate governance committee and the risk committee.

Audit Committee

We have established the audit committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of the audit committee are to oversee the financial reporting system and internal control procedures of our Company, review the financial information of our Company and consider issues relating to the external auditors and their appointment.

The audit committee consists of six Directors. The members of the audit committee are:

MA Si Hang, Frederick (*Chairman*)
Walter KIELHOLZ
LEUNG Ka Kui, Dominic
Dirk SLUIMERS
Yijia TIONG
Andrew WEIR

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Compensation Committee

We have established a compensation committee of the Board in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of the compensation committee are to make recommendations to the Board on our policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

The compensation committee consists of seven Directors. The members of the compensation committee are:

John BAIRD (*Chairman*)
John DACEY
Laura DEAL-LACEY
Kyoko HATTORI
LI Tzar Kai, Richard
MA Si Hang, Frederick
Yijia TIONG

Nomination and Corporate Governance Committee

We have established a nomination and corporate governance committee of the Board (the “**Nomination Committee**”) in compliance with the Corporate Governance Code of the Listing Rules. The primary duties of the nomination and corporate governance committee are to review the structure, size and composition of the Board, assess the independence of the Independent Non-Executive Directors, make recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors, overseeing our Company’s ESG and sustainability strategy, initiatives, policies and/or practices and performance and otherwise taking a leadership role in shaping the corporate governance of our Company and to ensure that we are operated and managed for the benefit of all shareholders and to ensure our compliance with the Listing Rules.

The Nomination Committee consists of six Directors. The members of the Nomination Committee are:

MA Si Hang, Frederick (*Chairman*)
John BAIRD
Laura DEAL-LACEY
Kyoko HATTORI
Walter KIELHOLZ
Yijia TIONG

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Risk Committee

We have established the Risk Committee with written terms of reference. The primary duties of the Risk Committee are to oversee the implementation of the enterprise risk management framework across our Company, ensuring the formulation and implementation of our investment strategies, oversee the investment of all our assets (other than operating assets) within the risk guidelines set by the board, and review and approve our investment strategy, permissible asset universe and asset allocation frameworks.

The Risk Committee consists of seven Directors. The members of the Risk Committee are:

John DACEY (*Chairman*)
John BAIRD
CHUNG Kit Hung, Martina
LEUNG Ka Kui, Dominic
MA Si Hang, Frederick
Dirk SLUIMERS
Andrew WEIR

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND REMUNERATION OF FIVE HIGHEST PAID INDIVIDUALS

For the years ended 31 December 2022, 2023 and 2024, the aggregate amount of the fees, salaries, housing allowances, other allowances, benefits in kind (including contribution to the Group's pension scheme) and bonuses paid by the Group to the Directors were HK\$16 million, HK\$66 million and HK\$52 million, respectively.

Under the current arrangements, the aggregate remuneration and benefits in kind payable to the Directors for the financial year ending 31 December 2025 are estimated to be HK\$48 million.

For the year ended 31 December 2022, none of the five highest paid individuals was a Director. The aggregate amount of the fees, salaries, housing allowances, other allowances, benefits in kind (including contribution to the Group's pension scheme) and bonuses paid by the Group to the five highest paid individuals were HK\$212 million.

For the year ended 31 December 2023, one of the five highest paid individuals was a Director. The aggregate amount of the fees, salaries, housing allowances, other allowances, benefits in kind (including contribution to the Group's pension scheme) and bonuses paid by the Group to the four remaining highest paid individuals were HK\$166 million.

DIRECTORS AND SENIOR MANAGEMENT

For the year ended 31 December 2024, one of the five highest paid individuals was a Director. The aggregate amount of the fees, salaries, housing allowances, other allowances, benefits in kind (including contribution to the Group's pension scheme) and bonuses paid by the Group to the four remaining highest paid individuals were HK\$194 million.

The remuneration of our senior management is designed to provide equitable, motivating and competitive incentive to align with Shareholders' interest and foster the long-term sustainable growth of the business within overall risk management framework. The remuneration mainly comprises base salary, short-term variable remuneration and long-term variable remuneration. The variable remunerations are linked to achievement of certain key performance indicators which reflect our business strategies with a focus on sustainable and value-focused growth.

During the Track Record Period and up to 31 December 2024, remuneration in the amount of US\$6 million was paid to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group. No compensation was paid to, or receivable by, the Directors or past directors of our Company or the five highest paid individuals for the loss of office as director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. None of the Directors had waived any remuneration and/or emoluments during the Track Record Period.

Information on the letters of appointment entered into between our Company and the Directors is set out in "*Appendix V – Statutory and General Information.*"

BOARD DIVERSITY

The Board has adopted a policy which sets out the approach to achieving diversity for the Board. The board diversity policy aims to enhance the effectiveness of our board and our corporate governance standards by ensuring diversity. As at the Latest Practicable Date, women make up 31% of our Board and, as at 31 December 2024, 32% of our assistant vice presidents or above.

Our Company recognises the benefits of a Board that possesses a balance of skills, experience, expertise, independence and knowledge and diversity of perspectives appropriate to the requirements of the businesses of our Company.

Our Company maintains that Board appointment should be based on merit that complements and expands the skills, experience, expertise, independence and knowledge of the Board as a whole, taking into account gender, age, professional experience and qualifications, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time towards achieving a diverse Board.

The Nomination Committee of our Company is responsible for reviewing the structure, size and composition of the Board, selecting the individuals to be nominated as Directors, reviewing and monitoring the implementation of the board diversity policy, reviewing

DIRECTORS AND SENIOR MANAGEMENT

succession plan of Directors and making recommendations on these matters to the Board for approval to ensure that it has a balanced composition of skills, experience, expertise, independence and knowledge appropriate to the requirements of the businesses of our Company, with due regard to the benefits of diversity on the Board.

COMPLIANCE ADVISER

We have appointed CMB International Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules to provide advisory services to our Company. In compliance with Rule 3A.23 of the Listing Rules, our Company must consult with, and if necessary, seek advice from, the compliance adviser on a timely basis in the following circumstances:

- (a) before the publication of any regulatory announcement and circular as well as financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases/buy-backs;
- (c) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the Group's business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry of our Company under Rule 13.10 of the Listing Rules.

The term of the appointment of the compliance adviser will commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “*Business – Our Growth Strategies*” for a detailed description of our future plans and strategies.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK\$2,953.4 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering (including listing expenses of US\$29.3 million (equivalent to approximately HK\$228.5 million) which have been charged to consolidated income statement of the Group during the Track Record Period), assuming the Over-allotment Option is not exercised.

In line with our strategies, we intend to use our net proceeds from the Global Offering for the enhancement of our capital position under the GWS regime and for the provision of growth capital for our operating entities, for strengthening our share capital, enhancing our solvency position and central liquidity, as well as building a capital buffer in excess of applicable statutory requirements. Such amounts, which contribute to our capital adequacy ratios, also forms part of the regulatory capital base required to support growth and opportunities to further penetrate customer and channel reach across our operations, including the enhancement of our digital capabilities and strategy, which are in line with our business strategies as described in “*Business – Our Growth Strategies*”. Enhancement of our capital position may also involve reducing our overall indebtedness. Any decision to reduce our indebtedness (including our medium term notes, subordinated notes, subordinated dated capital securities, perpetual securities or bank borrowings) will be subject to market conditions, contractual restrictions, our capital requirements and any other factors that our Board may deem appropriate at the relevant time. A profile of our indebtedness is set out in “*Financial Information – Indebtedness*”.

To the extent that our actual net proceeds from the Global Offering are higher or lower than our estimate above, we will increase or decrease our allocation of the net proceeds for the purpose set out above.

Assuming the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering (including listing expenses of US\$29.3 million (equivalent to approximately HK\$228.5 million) which have been charged to consolidated income statement of the Group during the Track Record Period), we estimate that we will receive net proceeds of approximately HK\$2,953.4 million from the Global Offering.

Assuming the Over-allotment Option is exercised in full, after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering (including listing expenses of US\$29.3 million (equivalent to approximately HK\$228.5 million) which have been charged to consolidated income statement of the Group

FUTURE PLANS AND USE OF PROCEEDS

during the Track Record Period), we estimate that we will receive net proceeds of approximately HK\$3,441.6 million from the Global Offering based on the Offer Price of HK\$38.00. The additional net proceeds will be allotted to the purpose set out above in the event that the Over-allotment Option is exercised.

To the extent that the net proceeds of the Global Offering are not fully deployed, we intend to apply such net proceeds towards further enhancing our capital buffer in excess of applicable statutory requirements in line with the above, such as by placing residual liquidity in deposits in authorised financial institutions. The Company will disclose by way of an announcement on the Stock Exchange in the case of any change after listing to the use of proceeds of the Global Offering as set out above.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation of the Global Offering, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

Waiver in Relation to Partially Exempt Continuing Connected Transactions

Certain members of the Group have entered into certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules following the completion of the Global Offering. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement and/or independent shareholders' approval requirements in respect of such continuing connected transactions under Chapter 14A of the Listing Rules. See "*Connected Transactions – Partially Exempt Continuing Connected Transactions*".

Waiver in relation to Management Presence in Hong Kong

Pursuant to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of the Executive Directors must be ordinarily resident in Hong Kong.

Although the Group's headquarters and our Company's principal place of business are located in Hong Kong, the Group also has business operations located across other jurisdictions, including Macau, Thailand, Cambodia, Indonesia, the Philippines, Singapore, Vietnam, Japan and Malaysia. Our Company has two executive directors, Mr. Li Tzar Kai, Richard and Mr. Huynh Thanh Phong, who ordinarily reside and are based in Hong Kong and Singapore, respectively. Our Company considers that it would be practically difficult and commercially unreasonable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocating Mr. Huynh Thanh Phong or appointing additional executive directors resident in Hong Kong. Accordingly, our Company does not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the management presence requirement under Rule 8.12 of the Listing Rules.

Our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement for management presence in Hong Kong under Rule 8.12 of the Listing Rules, subject to our Company adopting the following arrangements to maintain regular communications with the Stock Exchange:

- (a) our Company has appointed Mr. Yeung John Sze and Mr. Huynh Thanh Phong as its authorised representatives for the purpose of Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange. Mr. Huynh Thanh Phong, however, is not and will not be ordinarily resident in Hong Kong. As such, we have also appointed Professor Ma Si Hang, Frederick, Chairman and one of our Independent Non-executive Directors (who will be ordinarily resident in Hong Kong) as our alternative authorised

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

representative. As and when the Stock Exchange wishes to contact the Directors on any matters, each of these authorised representatives and alternative authorised representative should have the means to contact all of the Directors promptly at all times;

- (b) our Company has provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number, fax number and e-mail address) to facilitate communication with the Stock Exchange;
- (c) each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and
- (d) our Company has appointed CMB International Capital Limited as its compliance adviser in compliance with Rule 3A.19 of the Listing Rules, who will act as an additional channel of communication with the Stock Exchange.

Waiver in Relation to Disclosure Requirements with respect to Changes in Share Capital

Our Company applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in respect of disclosing the particulars of any alterations in the capital of any member of the Group within the two years immediately preceding the issue of this prospectus.

Globally, our Group has more than 50 subsidiaries across over 10 different jurisdictions, many of which are holding companies that do not have substantive operations. It would be unduly burdensome for our Company to disclose this information in relation to all of the subsidiaries within the Group, which would not be material or meaningful to investors. Our Company has identified the 18 subsidiaries that it considers are material to the operations of the Group and/or contributed significantly to the Group's financial performance during the Track Record Period, namely, FL, FGL, FWD Life (Bermuda), FWD Reinsurance, FWD Life (Hong Kong), FWD Life Assurance (Hong Kong), FWD Life Japan, FWD Thailand, FWD Management Holdings, FWD Life (Macau), FWD Takaful, FWD Vietnam, FWD Philippines, FWD Singapore, PT FWD Asset Management, PT FWD Insurance Indonesia, FWD Life Malaysia and Valdimir (the "**Principal Subsidiaries**"). By way of illustration, (i) the aggregate revenue of the Principal Subsidiaries in respect of which the relevant information is disclosed represents 99.5%, 99.0% and 98.6% of the Group's total revenue for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024, respectively; and (ii) the aggregate assets of the Principal Subsidiaries in respect of which the relevant information is disclosed represents 96.4%, 97.1% and 97.8% of the Group's total assets for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024,

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

respectively. Accordingly, the remaining subsidiaries in the Group are insignificant to the overall results and assets of the Group. Subsidiaries of the Group which are not Principal Subsidiaries do not hold any intellectual properties that are material to the operations or business of the Group.

The particulars of the changes in the share capital of our Company and the Principal Subsidiaries have been disclosed in “Appendix V – Statutory and General Information – A. Further information about our Company – 2. Changes in the Share Capital of our Company” and “Appendix V – Statutory and General Information – A. Further information about our Company – 4. Subsidiaries” to the prospectus. Further, all major shareholding changes and reorganisation steps taken by the Group have been included in “History, Reorganisation and Corporate Structure” in the prospectus.

Waiver in respect of public float requirements

Rule 8.08(3) of the Listing Rules provides that not more than 50% of the securities in public hands at the time of listing can be beneficially owned by the three largest public shareholders, save where: (a) the securities to be listed are options, warrants or similar rights to subscribe or purchase shares; (b) such securities are offered to existing holders of a listed issuer’s shares by way of bonus issue; and (c) in the 5 years preceding the date of the announcement on the proposed bonus issue, there are no circumstances to indicate that the shares of the issuer may be concentrated in the hands of a few shareholders.

We initially offer 91,342,100 Shares, representing approximately 7.2% of our enlarged share capital immediately after the completion of the Global Offering (assuming that the Over-allotment Option is not exercised). Upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), approximately 33.6% of our enlarged share capital will be held in public hands. On this basis, the aggregate shareholding of the three largest public Shareholders shall not exceed 16.8% of our enlarged share capital, being 50% of the Shares to be held in public hands.

Based on the level of demand indicated by potential cornerstone investors and the proposed size of the Global Offering, the aggregate shareholding of the three largest public Shareholders is expected to be approximately 21.0% of our enlarged share capital immediately after completion of the Global Offering, representing approximately 62.6% of the Shares to be held in public hands immediately after the Global Offering (assuming the Over-allotment Option is not exercised), comprising:

- (a) HOPU, holding an aggregate of approximately 9.99% of our enlarged share capital through (i) Future Financial Investment; and (ii) Fornax;
- (b) Swiss Re PICA, holding approximately 5.67% of our enlarged share capital; and
- (c) Crimson White Investment, holding approximately 5.37% of our enlarged share capital.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

The following table sets out (i) the total number of Shares held by public Shareholders; (ii) the number of Shares held by public Shareholders other than the three largest public Shareholders; (iii) the number of Shares held by public Shareholders other than (A) those held by the three largest public Shareholders and (B) those which are the subject of lock-up undertakings:

	Shares in public hands	Shares in public hands (excluding the three largest public Shareholders)	Shares in public hands not subject to any lock-up
Number of Shares and number of board lots of 100 Shares each ⁽¹⁾	426,437,623 (4,264,376 board lots)	159,279,306 (1,592,793 board lots)	40,585,357 (405,853 board lots)
HK\$ value of the Shares	HK\$16,204,629,674	HK\$6,052,613,628	HK\$1,542,243,566
Percentage of total issued Shares immediately following completion of the Global Offering	33.6%	12.5%	3.2%

Notes:

- (1) All statistics in this table are presented after taking into account the Share Consolidation.

Based on the above, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 8.08(3) of the Listing Rules to allow the three largest public Shareholders to hold no more than approximately 21.0% of the Shares to be held in public hands immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised). The grant of the waiver would reduce the total Shares in public hands (excluding the three largest public Shareholders) from 16.8% of our enlarged share capital immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), being 50% of the Shares to be held in public hands immediately after the completion of the Global Offering (assuming that the Over-allotment Option is not exercised) pursuant to Rule 8.08(3) of the Listing Rules, to approximately 12.5% of our enlarged share capital immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), representing 37.4% of the Shares to be held in public hands immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

Please also refer to the sections headed “*History, Reorganisation and Corporate Structure – Major Shareholding Changes of our Company – Pre-IPO Investments*” and “*Summary – Our Pre-IPO Investors*” for further information regarding our three largest public Shareholders.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

We will disclose in the allotment results announcement: (i) the total number of Shares held by the three largest public Shareholders and the corresponding percentage of our enlarged issued share capital at the time of Listing; and (ii) the total number of Shares held by public Shareholders which are not subject to any lock up undertaking and the corresponding percentage of our enlarged issued share capital at the time of Listing.

Waiver in Relation to Disclosure of Full details of Share Award Grantees

Under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, this prospectus is required to include, among other things, details of the number, description and amount of any Shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for Shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it, the names and addresses of the persons to whom it was given, and the details of all outstanding options and awards and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the exercise of such outstanding options or awards (the “**Share Award Disclosure Requirements**”).

As at the Latest Practicable Date, Pre-IPO Awards in the form of RSUs, PSUs and options have been granted before the Listing by the Group under (i) the Share Option and RSU Plan and (ii) the Share Award Plan. To the extent the Pre-IPO Awards granted under the Share Option and RSU Plan vest or are exercised prior to the Listing, they would have been satisfied with “stapled share units”. Each “stapled share unit” comprises one ordinary share of FL and one ordinary share of FGL. However, pursuant to and following Phase 2 of the Reorganisation, where vesting and/or exercise of the Pre-IPO Awards granted under the Share Option and RSU Plan take place prior to Listing, such awards will be satisfied using Management Shares. The Management Shares will be converted into Shares upon Listing.

Pre-IPO Awards granted under the Share Award Plan are in respect of Shares. Grantees of the Pre-IPO Awards include employees, senior management and directors of the Group and its affiliates.

The Pre-IPO Awards will be satisfied using Shares of our Company proposed to be issued upon Listing to the relevant Directors and former director, and after Listing to the trustee of the Equity Incentive Plans pursuant to the Pre-IPO Awards Shares Issuance. The total number of Shares to be issued pursuant to the Pre-IPO Awards is expected to be up to an aggregate of approximately 27,115,200 Shares of our Company (as adjusted after the Share Consolidation), representing 2.13% of the Shares in issue immediately following the completion of the Global Offering. In order to satisfy the Pre-IPO Awards (each of which has been, or will be before the Listing, granted to a specified participant), other than in respect of the Pre-IPO Awards granted to the relevant Directors and former director pursuant to the Share Option and RSU Plan, the Shareholders will pass a resolution prior to the publication of the final prospectus to authorise the Directors to allot and issue up to 25,659,330 Shares (as adjusted after the Share Consolidation) to the trustee of the Equity Incentive Plans after the

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

completion of the Global Offering (the “**Pre-IPO Awards Shares Issuance**”). The Pre-IPO Awards Shares Issuance will be used to satisfy the Pre-IPO Awards (other than in respect of the Pre-IPO Awards granted to the relevant Directors and former director pursuant to the Share Option and RSU Plan) in accordance with their terms after the Listing. For further details, please refer to “*Statutory and General Information – Equity Incentive Plans.*”

There will be no outstanding options after the completion of the Global Offering.

Our Company has applied (i) to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules and the condition to make available a full list of grantees with all the particulars required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, on the grounds that the harm caused by strict compliance with the Share Award Disclosure Requirements by disclosing the full identities of the Pre-IPO Award grantees and their individual grants would, for the reasons set out below, significantly outweigh any benefit of such disclosures to prospective investors in the Global Offering; therefore, it would be inappropriate to make such disclosures:

- (a) the RSUs and PSUs have formed a critical component of the compensation packages offered to the grantees for the purpose of attracting and retaining them;
- (b) as a young company, the Group needed to use the incentive awards to entice senior management and other key employees to leave established players in the industry and take risks associated with a high-growth company in the early stage of its development. Accordingly, the information relating to the outstanding RSUs and PSUs of the grantees is highly sensitive and confidential;
- (c) the Pre-IPO Awards granted under the Share Option and RSU Plan were not granted in anticipation, or for the purposes, of the Listing. The grantees accepted RSUs and PSUs as part of their compensation. Therefore, they should be treated like other non-substantial pre-IPO shareholders about whom there is limited disclosure in the prospectus. It would be inconsistent to require the full identities of the Pre-IPO Awards grantees and their individual number of grants. To further draw the distinction between Pre-IPO Awards and future equity plans, as stated on page V-25 of this prospectus, the Group does not intend to make further grants under the Share Option and RSU Plan after the Listing;
- (d) full disclosure of the details of the outstanding RSUs and PSUs of all the grantees (in particular members of the Group’s senior management) would provide the Group’s competitors with critical elements of the grantees’ compensation packages and would expose the Group to an enhanced risk of competitors attempting to solicit key personnel, potentially leading to their premature departures from the Group and a significant setback to the Group’s strategic plans;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (e) full disclosure of the Pre-IPO Awards of the grantees (in particular members of the Group's senior management) would also allow the grantees to gain access to the details of other grantees' compensation, which could negatively affect company morale and give rise to unwarranted internal comparisons and competition among the Group's leadership and other key personnel;
- (f) furthermore, none of the Pre-IPO Award grantees have individually been granted Pre-IPO Awards which would be satisfied by Shares representing more than 0.5% of the total number of Shares immediately following the completion of the Global Offering, and collectively the Pre-IPO Award grantees have been granted Pre-IPO Awards which would be satisfied by Shares representing only 2.13% of the total number of Shares immediately following the completion of the Global Offering. These shareholdings, individually or collectively, would under any measure be regarded as de minimis and can be treated as immaterial; and
- (g) in any event, the identities of the Pre-IPO Award grantees should not be material to prospective investors because the following information about the Pre-IPO Awards has already been disclosed in this prospectus;
 - (i) the total number of Shares underlying the Pre-IPO Awards;
 - (ii) the total number of RSUs and PSUs grantees;
 - (iii) for RSUs and PSUs grantees who are (i) directors and chief executives of the Company's subsidiaries; and (ii) senior management of the Group, disclosure on an individual anonymised basis (without names and addresses) of, as applicable, (1) the date of grant of the outstanding RSUs and PSUs; (2) the date of vesting of the outstanding RSUs and PSUs; and (3) the number of Shares underlying the outstanding RSUs and PSUs as of the Latest Practicable Date and immediately following the completion of the Global Offering;
 - (iv) for RSUs and PSUs grantees who are other employees of the Group including former employees, disclosure on an aggregated anonymised basis (without names and addresses) of (1) the date range of grant of the outstanding RSUs and PSUs; and (2) the aggregate number of Shares underlying the outstanding RSUs and PSUs as of the Latest Practicable Date and immediately following the completion of the Global Offering;
 - (v) vesting periods for the Pre-IPO Awards;
 - (vi) the potential dilutive effect of the vesting of the RSUs and PSUs; and
 - (vii) the impact on earnings upon vesting of the RSUs and PSUs.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

The Stock Exchange has granted a waiver under the Listing Rules on the conditions that:

- (a) full details of the outstanding RSUs and PSUs under the Pre-IPO Awards granted to each of the Directors (if any) have been disclosed in the section headed “*Statutory and General Information – D. Equity Incentive Plans*” in Appendix V to this prospectus, on an individual basis, as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules;
- (b) for the outstanding Pre-IPO Award grantees:
 - (i) for RSUs and PSUs grantees who are (i) directors and chief executives of the Company’s subsidiaries; and (ii) senior management of the Group, disclosure in the section headed “*Statutory and General Information – D. Equity Incentive Plans*” in Appendix V to this prospectus on an individual anonymised basis (without names and addresses) of, as applicable, (1) the date of grant of the outstanding RSUs and PSUs; (2) the date of vesting of the outstanding RSUs and PSUs; and (3) the number of Shares underlying the outstanding RSUs and PSUs as of the Latest Practicable Date and immediately following the completion of the Global Offering; and
 - (ii) for RSUs and PSUs grantees who are other employees of the Group including former employees, disclosure in the section headed “*Statutory and General Information – D. Equity Incentive Plans*” in Appendix V to this prospectus on an aggregated anonymised basis (without names and addresses) of (1) the date range of grant of the outstanding RSUs and PSUs; and (2) the aggregate number of Shares underlying the outstanding RSUs and PSUs as of the Latest Practicable Date and immediately following the completion of the Global Offering;
- (c) there will be disclosure in this prospectus on the Pre-IPO Awards Shares Issuance and the expected number of Shares to be issued pursuant to it;
- (d) there is disclosure in this prospectus of the aggregate number of Shares underlying the outstanding RSUs and PSUs under the Pre-IPO Awards as of the Latest Practicable Date, and accordingly the number of Shares to be issued pursuant to the Pre-IPO Awards Shares Issuance;
- (e) the dilution effect upon full exercise of the outstanding RSUs and PSUs under the Pre-IPO Awards are disclosed in the section headed “*Statutory and General Information – D. Equity Incentive Plans*” in Appendix V to this prospectus;
- (f) a summary of the key terms of the Pre-IPO Awards is disclosed in the section headed “*Statutory and General Information – D. Equity Incentive Plans*” in Appendix V to this prospectus; and

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (g) the particulars of the waiver are disclosed in this prospectus.

Waiver in Relation to Dealings in Securities by Core Connected Persons prior to Listing

Rule 9.09(b) of the Listing Rules provides that in the case of a new applicant, there must be no dealing in the securities for which listing is sought by any core connected person of the issuer from four clear business days before the expected hearing date until listing is granted.

We have applied for a waiver from strict compliance with Rule 9.09(b) of the Listing Rules in relation to the FFI 2025 Transaction, being the transfer of Series A Conversion Shares from Future Financial Investment prior to Listing to PCGI Holdings, which is a core connected person of our Company.

As there are regulatory restrictions in certain jurisdictions which the Group operates in, where any person who holds over 10% voting interests in a regulated insurer will need to be approved by the relevant regulatory authorities, the FFI 2025 Transaction was carried out to ensure that such regulatory requirements would not be triggered. Further, the arrangement under the FFI 2025 Transaction was agreed in accordance with the Implementation Agreement entered into by the parties. For further details, please see “*History, Reorganisation and Corporate Structure – Pre-IPO Investments – Transfer of Series A Conversion Shares from Future Financial Investment to PCGI Holdings*”.

Based on the above, the Stock Exchange has granted a waiver from strict compliance with Rule 9.09(b) of the Listing Rules in connection with the FFI 2025 Transaction.

UNDERWRITING

HONG KONG UNDERWRITERS

Morgan Stanley Asia Limited
Goldman Sachs (Asia) L.L.C.
CMB International Capital Limited
The Hongkong and Shanghai Banking Corporation Limited
BOCOM International Securities Limited
CCB International Capital Limited
Huatai Financial Holdings (Hong Kong) Limited
ICBC International Securities Limited
Mizuho Securities Asia Limited
SMBC Nikko Securities (Hong Kong) Limited
DBS Asia Capital Limited
Oversea-Chinese Banking Corporation Limited
UOB Kay Hian (Hong Kong) Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 9,134,300 Hong Kong Offer Shares and the International Offering of initially 82,207,800 International Offer Shares, subject, in each case, to reallocation on the basis as described in “*Structure of the Global Offering*” as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on 25 June 2025. Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares (subject to reallocation) for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to Phase 3 of the Reorganisation, the satisfaction of certain Pre-IPO Awards of Directors and a former director and the Global Offering (and any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and pursuant to the Pre-IPO Awards Shares Issuance)

UNDERWRITING

on the Main Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) may, after prior consultation where practicable, by a joint notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect if, at or at any time prior to 8:00 a.m. on the Listing Date,

- (1) there develops, occurs, exists or comes into effect:
 - (i) any change or development resulting in, or representing a change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions, currency controls, equity securities or any monetary or trading settlement system or other financial markets in or affecting Hong Kong, Cayman Islands, the PRC, the United States, Singapore or Japan or Thailand (the “**Relevant Jurisdictions**”);
 - (ii) any event in the nature of force majeure (including any act of government or order of any court, strike, calamity, crisis, lockout, fire, explosion, flooding, earthquake, civil commotion, act of war, outbreak or escalation of pandemic, or outbreak or escalation of hostilities or act of terrorism involving any of the Relevant Jurisdictions, official declaration by the relevant authorities in any of the Relevant Jurisdictions of a national or international emergency, riot, public disorder and in each case beyond the control of the Hong Kong Underwriters);
 - (iii) any material loss or material interference with its business suffered by our Company or any of the Subsidiaries from fire, explosion, flood, pandemic or other calamity, whether or not covered by insurance, or from any labour dispute or court or governmental action, order or decree, and any material adverse change in the share capital or long-term debt of our Company or any Subsidiary or any material adverse effect;

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- (iv) other than with the prior written consent of the Joint Global Coordinators, the issue or requirement to issue by our Company of a supplemental or amendment to this prospectus, preliminary offering circular or offering circular or other documents in connection with the Global Offering pursuant to the Companies (WUMP) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC;
- (v) any litigation the effect of which will have a material adverse effect on the financial condition of the Group taken as a whole being threatened or instigated against any member of the Group;
- (vi) any adverse change or any development affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profitability, results of operations, position or condition (financial or otherwise) or performance of any member of the Group or the Group as a whole;
- (vii) a governmental or regulatory prohibition on our Company from issuing or selling the Shares (including the additional Shares which our Company may be required to issue pursuant to the Over-allotment Option Shares and pursuant to the Pre-IPO Awards) pursuant to the Global Offering, or any litigation, proceedings, investigations, processes for administrative sanctions or other actions initiated or threatened by any governmental agency or before any governmental agency, in each case with due authority, against or involving any party hereto, in any of the Relevant Jurisdictions or elsewhere, that seeks to declare the issuance and sale of the Shares, the listing and trading of the Shares on the Main Board of the Stock Exchange or the transactions contemplated by the Hong Kong Underwriting Agreement and the International Underwriting Agreement to be unlawful or illegal under the laws, rules and regulations of any of the Relevant Jurisdictions;
- (viii) any contravention by a member of the Group of the Companies (WUMP) Ordinance, the Companies Ordinance or the Listing Rules;
- (ix) any material breach of any provisions of the Hong Kong Underwriting Agreement;
- (x) a suspension or material limitation in trading in securities generally on the New York Stock Exchange or the Stock Exchange; (ii) a suspension or material limitation in trading in the Company's securities on the Stock Exchange; (iii) a general moratorium on commercial banking activities in the Relevant Jurisdictions declared by the relevant authorities, or a material disruption in commercial banking or securities settlement or clearance services in the Relevant Jurisdictions; or

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- (xi) our Company being made aware by any recognised statistical rating organisation that a downgrading has occurred or shall occur in the rating accorded to our Company's debt securities or financial strength ratings accorded to each of FWD Life (Bermuda) and FWD Life Japan, respectively, and such organisation intends to publicly announce that it will place under surveillance or review, with possible negative implications, its ratings of any of our Company's debt securities or any of FWD Life (Bermuda) and FWD Life Japan, respectively;

which, in any such case individually or in aggregate, in the opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (a) is materially adverse to, or materially and prejudicially affects, the business, general affairs, management, financial, trading or other condition or prospects of the Group as a whole;
 - (b) has a material adverse effect on the success of the Global Offering; or
 - (c) makes it impracticable or inadvisable to proceed with the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by the prospectus.
- (2) there has come to the notice of the Joint Global Coordinators:
- (i) any statement contained in any of the prospectus, the formal notice or any notice, announcement in the agreed form issued by our Company in connection with the Global Offering was or has become untrue, incomplete, inaccurate, incorrect or misleading in any material respect, unless such untrue, incorrect or misleading statement has been properly rectified by our Company in a timely manner; or
 - (ii) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties given by any of our Company and PCGI Holdings in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (as applicable).

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not exercise our power to issue any further Shares, or securities convertible into Shares (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will

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be completed within six months from the Listing Date), (a) except pursuant to the Global Offering; (b) except under any of the circumstances provided under Rule 10.08 of the Listing Rules; (c) except for Shares that may be issued pursuant to the Pre-IPO Awards and (d) except for the conversion of the existing CPS held by our Pre-IPO Investors.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and our Company that, except (a) pursuant to the Global Offering or (b) for any lending of Shares pursuant to the Stock Borrowing Agreement, he/it will not and will procure that the relevant registered holder(s) will not:

- (i) in the period commencing on the date by reference to which disclosure of his/its holding of Shares is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/it is shown by this prospectus to be the beneficial owner; and
- (ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a controlling shareholder of our Company,

in each case, save as permitted under the Listing Rules.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of his/its holding of Shares is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/it will and will procure that the relevant registered holder(s) will:

- (1) when he/it pledges or charges any Shares or other securities beneficially owned by he/it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and
- (2) when he/it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

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Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by our Company

Lock-up on our Company

Our Company hereby undertakes to the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Senior Joint Lead Managers, the Joint Lead Managers, the Syndicate Capital Market Intermediaries and the Hong Kong Underwriters and each of them that we will not exercise our power to issue any further Shares, or securities convertible into Shares (whether or not of a class already listed) or enter into any agreement to such an issue, except (i) as pursuant to the Global Offering (including pursuant to the exercise of the Over-Allotment Option), (ii) under any of the circumstances provided under Rule 10.08 of the Listing Rules, (iii) for the Shares that may be issued pursuant to the Pre-IPO Awards, (iv) intra-Group issuances or transfers in the ordinary course of the Company's business and/or as required by the applicable regulatory requirements, provided that the Company shall procure the recipient of such securities agrees to be bound by the terms of this paragraph, and (v) for the conversion of the existing Management Shares, Series P Conversion Shares and Series A/B-2/B-3 Conversion Shares held by the Pre-IPO Investors or otherwise pursuant to the Reorganisation and will procure the Subsidiaries not to without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date of this Agreement and ending on, and including, the date falling six months after the Listing Date (the **"First Six-Month Period"**):

- (i) offer, allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, right or contract to subscribe for or purchase, grant or purchase any option, warrant, right or contract to allot, issue or sell, or otherwise transfer or dispose of, or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or other equity securities of our Company, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares, or deposit any Shares or other equity securities of our Company with a depositary in connection with the issue of depositary receipts; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares or other equity securities of our Company; or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

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- (iv) agree to or contract to or announce, or publicly disclose any intention to enter into or effect any such transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of the Shares or other equity securities of our Company in cash or otherwise (whether or not the issue of such Shares or equity securities will be completed within the First Six-Month Period). In the event that, during the six-month period immediately following the First Six-Month Period (the “**Second Six-Month Period**”), our Company enters into any such transactions or offers or agrees or contracts to, or announces, or publicly discloses, any intention to enter into any such transactions, our Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Maintenance of public float

Our Company agrees and undertakes to the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Senior Joint Lead Managers, the Joint Lead Managers, the Syndicate Capital Market Intermediaries and the Hong Kong Underwriters and each of them that it will not effect any purchase of Shares, or agree to do so, which may reduce the holdings of Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below the minimum public float requirements specified in the Listing Rules or waiver granted and not revoked by the Stock Exchange on or before the date falling six months after the Listing Date without first having obtained the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters).

(B) Undertakings by PCGI Holdings

PCGI Holdings hereby undertakes to our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Senior Joint Lead Managers, the Joint Lead Managers, the Syndicate Capital Market Intermediaries and the Hong Kong Underwriters that:

- (a) save for any lending of the Shares by PCGI Holdings pursuant to the Stock Borrowing Agreement and, during the First Six-Month Period, PCGI Holdings will not, and will procure that no affiliate and/or company controlled by PCGI Holdings holding the Shares or other securities of our Company and/or any nominee or trustee holding such Shares or other securities of the Company in trust for PCGI Holdings, its affiliates and/or companies controlled by PCGI Holdings will:
 - (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or agree to grant or sell any option, warrant, contract or right to purchase or subscribe for, grant or purchase any option, warrant, contract or right to sell, lend or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or

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unconditionally, any Shares or other securities of our Company or any interest therein held as at the Listing Date by PCGI Holdings, its affiliates and/or companies controlled by PCGI Holdings, and/or any nominee or trustee holding such Shares or other securities of our Company in trust for PCGI Holdings, its affiliates and/or companies controlled by PCGI Holdings (including, without limitation, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any interest therein) (collectively, the “**Lock-up Shares**”), or deposit any Lock-up Shares with a depositary in connection with the issue of depositary receipts or permit any of the foregoing actions; or

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Lock-up Shares; or
- (iii) enter into any transaction, trust or arrangement with the same economic effect as any transaction specified in paragraphs (i) or (ii) above; or
- (iv) offer to or agree to or contract to or announce, or publicly disclose any intention to enter into or effect any transaction specified in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of the Lock-up Shares or such other securities of our Company, in cash or otherwise (whether or not the settlement or delivery or issue of Shares or such other securities will be completed within the First Six-Month Period);

- (b) it will not, whether directly or indirectly, (i) cause, agree to cause, permit to be caused or allow itself to undergo, a change of control (as defined in the Codes on Takeovers and Mergers and Share Buy-backs promulgated by the SFC) to its ultimate beneficial owner(s) or (ii) enter into any transaction or arrangement with the same economic effect as the transactions or arrangements specified in paragraph (b)(i) above at any time during the First Six-Month Period if, in each case, such transaction or arrangement will have a consequence or economic effect as a change in ownership (whether legal or beneficial) of any Lock-up Shares held by PCGI Holdings, its affiliates and/or companies controlled by PCGI Holdings, and/or any nominee or trustee holding such Shares or other securities of our Company in trust for PCGI Holdings, its affiliates and/or companies controlled by the PCGI Holdings;

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- (c) during the Second Six-Month Period, it will not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Lock-up Shares if, immediately following such disposal or upon the exercise or enforcement of options, rights, interests or encumbrances, it would cease to be a “controlling shareholder” (as defined in the Listing Rules) of our Company,

in each case, save as permitted under the Listing Rules.

PCGI Holdings undertakes to the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Senior Joint Lead Managers, the Joint Lead Managers, the Syndicate Capital Market Intermediaries and the Hong Kong Underwriters to use reasonable endeavours to procure our Company to comply with its obligations above.

The Company agrees to use reasonable endeavours to procure that none of the Directors nor their respective associates will, apply for any of the Offer Shares pursuant to the Global Offering, either directly or indirectly, whether in his/her/its own name or through nominees unless permitted to do so under the Listing Rules.

Hong Kong Underwriters’ Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, as at the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, our Company expect to enter into the International Underwriting Agreement with the International Underwriters on or around Thursday, 3 July 2025. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds to the Hong

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Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into or terminated, the Global Offering will not proceed. See “*Structure of the Global Offering – The International Offering.*”

Over-allotment Option

Our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) at any time from the effective date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which our Company may be required to issue and allot up to an aggregate of 13,701,300 additional Shares, representing not more than 15% of the number of the Offer Shares initially available under the Global Offering, at the same price per Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any. See “*Structure of the Global Offering – Over-allotment Option*” for further details.

Commissions and Expenses

The Company agrees to pay an underwriting commission of 2.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option and any Offer Shares which are reallocated between the International Offering and the Hong Kong Public Offering, but excluding any International Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) which, subject to the consent from the SFC and/or the Stock Exchange including pursuant to the Listing Rules, may be allocated to specific investors as agreed between (among others) our Company and the Joint Sponsors (the “**Excluded Shares**”)) based on fixed allocations to each Syndicate Capital Market Intermediary, out of which the Syndicate Capital Market Intermediaries will pay any sub-underwriting commissions and other fees.

An additional underwriting commission of 1.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option but excluding any Excluded Shares) will be payable as a discretionary fee by the Company to the Syndicate Capital Market Intermediaries, the allocations of which among the Syndicate Capital Market Intermediaries shall be determined in its sole discretion by the Company before the Listing.

Additionally, the Company, may, at its sole discretion, pay to all Syndicate Capital Market Intermediaries an additional discretionary incentive fee of up to 1.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option but excluding any Excluded Shares), the allocations of which shall be determined by the Company before the Listing.

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For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Syndicate Capital Market Intermediaries in relation to the Global Offering, assuming nil Excluded Shares and full payment of the discretionary fees, represent approximately 4.0% of the estimated gross proceeds from the Global Offering assuming the Over-allotment Option is not exercised, or approximately 4.0% of the estimated gross proceeds from the Global Offering if the Over-allotment Option is exercised.

The aggregate underwriting commissions and fees payable to the Syndicate Capital Market Intermediaries, together with the Stock Exchange listing fees, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK\$541.8 million, assuming nil Excluded Shares, full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full, and will be paid by our Company.

Assuming the discretionary incentive fee is paid in full and assuming nil Excluded Shares, for purposes of the Listing Rules the ratio of fixed fee and discretionary fee payable by the Company to all Syndicate Capital Market Intermediaries participating in the Global Offering is expected to be approximately 50:50.

Indemnity

Our Company has agreed to indemnify the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Senior Joint Lead Managers, the Joint Lead Managers, the Syndicate Capital Market Intermediaries and the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from any breach by us of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively

UNDERWRITING

trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, which will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilising period described in "*Structure of the Global Offering*." Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilising Manager, its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

UNDERWRITING

- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, commercial banking, investment banking and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

The listing of the Shares on the Main Board of the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

91,342,100 Offer Shares will initially be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of initially 9,134,300 Shares (subject to reallocation) in Hong Kong as described in “– *The Hong Kong Public Offering*” below;
- (b) the International Offering of initially 82,207,800 Shares (subject to reallocation and the Over-allotment Option) (i) in the United States only to persons who are QIBs in reliance on Rule 144A, or pursuant to an exemption from, or in a transaction not subject to, registration requirements of the U.S. Securities Act and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in “– *The International Offering*” below.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 7.2% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 8.2% of the total Shares in issue immediately following the completion of the Global Offering.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE HONG KONG PUBLIC OFFERING

Number of the Offer Shares initially offered

Our Company is initially offering 9,134,300 Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of the Offer Shares initially available under the Global Offering. The number of the Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.7% of the total Shares in issue immediately following the completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in “– *Conditions of the Global Offering*” below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (with any odd board lots being allocated to Pool A) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

STRUCTURE OF THE GLOBAL OFFERING

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the two pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor. Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 4,567,100 Hong Kong Offer Shares are liable to be rejected.

Reallocation and Clawback

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of the Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of the Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached.

9,134,300 Offer Shares are initially available under the Hong Kong Public Offering, representing approximately 10.0% of the Offer Shares initially available under the Global Offering.

If the International Offering is fully subscribed or oversubscribed and the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times and (c) 100 times or more of the total number of the Offer Shares initially available under the Hong Kong Public Offering, and provided that the International Offering is not undersubscribed, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 27,402,700 Offer Shares (in the case of (a)), 36,536,900 Offer Shares (in the case of (b)) and 45,671,100 Offer Shares (in the case of (c)), representing approximately 30%, approximately 40% and approximately 50% of the total number of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of the Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

In addition, the Offer Shares may, at the discretion of the Joint Global Coordinators, be reallocated from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

In accordance with chapter 4.14 of the Guide for New Listing Applicants issued by the Stock Exchange, if the International Offering is undersubscribed and the Hong Kong Public Offering is done other than pursuant to Practice Note 18 of the Listing Rules, up to 9,134,300 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 18,268,600 Offer Shares, representing twice of the total number of the Offer Shares initially available under the Hong Kong Public Offering (before any exercise of the Over-allotment Option).

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate.

Details of any reallocation of the Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement which is expected to be published on Friday, 4 July 2025.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the Offer Price of HK\$38.00 per Offer Share in addition to the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$3,838.32 for one board lot of 100 Shares. Further details are set out in "*How to Apply for Hong Kong Offer Shares*" in this prospectus.

THE INTERNATIONAL OFFERING

Number of the Offer Shares initially offered

The International Offering will consist of an offering of initially 82,207,800 Shares, comprising 82,207,800 Shares being offered by our Company and representing approximately 90.0% of the total number of the Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). The number of the Offer Shares initially offered under the International Offering, subject to any reallocation of

STRUCTURE OF THE GLOBAL OFFERING

Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 6.5% of the total Shares in issue immediately following the completion of the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Shares in the United States only to persons who are QIBs in reliance on Rule 144A, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “– *Pricing and Allocation*” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of the Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in “– *The Hong Kong Public Offering – Reallocation and Clawback*” above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering and/or any Offer Shares from the International Offering to the Hong Kong Public Offering at the discretion of the Joint Global Coordinators.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters).

STRUCTURE OF THE GLOBAL OFFERING

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) at any time from the effective date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require our Company to issue and allot up to an aggregate of 13,701,300 additional Shares, representing not more than 15% of the total number of the Offer Shares initially available under the Global Offering, at the same price per Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued and allotted pursuant thereto will represent approximately 1.1% of the total Shares in issue immediately following the completion of the Global Offering. If the Over-allotment Option is exercised, an announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager (or its affiliates or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager (or its affiliates or any person acting for it) to conduct any such stabilising action. Such stabilising action, if taken, (a) will be conducted at the absolute discretion of the Stabilising Manager (or its affiliates or any person acting for it) and in what the Stabilising Manager reasonably regards as the best interest of our Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilisation actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules of the SFO include (a) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares, (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares, (c) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction

STRUCTURE OF THE GLOBAL OFFERING

in the market price of the Shares, (e) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilising Manager (or its affiliates or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Shares;
- (b) there is no certainty as to the extent to which and the time or period for which the Stabilising Manager (or its affiliates or any person acting for it) will maintain such a long position;
- (c) liquidation of any such long position by the Stabilising Manager (or its affiliates or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;
- (d) no stabilising action can be taken to support the price of the Shares for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on Friday, 1 August 2025, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- (e) the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- (f) stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

Over-Allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager (or its affiliates or any person acting for it) may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilising Manager (or its affiliates or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or through the Stock Borrowing Agreement as detailed below or a combination of these means.

STRUCTURE OF THE GLOBAL OFFERING

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilising Manager (or its affiliates or any person acting for it) may choose to borrow up to 13,701,300 Shares (being the maximum number of Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option) from PCGI Holdings, pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilising Manager (or its affiliates or any person acting for it) and PCGI Holdings on or around Thursday, 3 July 2025.

If the Stock Borrowing Agreement with PCGI Holdings is entered into, the borrowing of Shares will only be effected by the Stabilising Manager (or its affiliates or any person acting for it) for the settlement of over-allocations in the International Offering and such borrowing arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules, including the requirement that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of Shares so borrowed must be returned to PCGI Holdings or its nominees, as the case may be, on or before the third business day following the earlier of (a) the last day for exercising the Over-allotment Option and (b) the day on which the Over-allotment Option is exercised in full.

The Shares borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to PCGI Holdings by the Stabilising Manager (or its affiliates or any person acting for it) in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

The Offer Price will be HK\$38.00 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the Offer Price of HK\$38.00 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK\$3,838.32 for one board lot of 100 Shares.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of the Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of the Offer Shares offered and/or the Offer Price below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Stock Exchange at www.fwd.com and www.hkexnews.hk, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of the Offer Shares and/or the Offer Price will be final and conclusive. Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of the Offer Shares and/or the Offer Price may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of the Offer Shares and/or the Offer Price will not be reduced.

The level of indications of interest in the International Offering, the level of applications, the basis of allocations and the results of allocations of the Hong Kong Offer Shares in the Hong Kong Public Offering, are expected to be made available through a variety of channels in the manner described in “*How to Apply for Hong Kong Offer Shares – B. Publication of Results.*”

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the International Underwriting Agreement being signed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around Thursday, 3 July 2025.

These underwriting arrangements, including the Underwriting Agreements, are summarised in “*Underwriting*” in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to Phase 3 of the Reorganisation, the Share Consolidation, the satisfaction of certain Pre-IPO Awards of Directors and a former director and the Global Offering (and any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and pursuant to the Pre-IPO Awards Shares Issuance) and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;
- (b) the execution and delivery of the International Underwriting Agreement on or around Thursday, 3 July 2025; and
- (c) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of our Company and the Stock Exchange at www.fwd.com and www.hkexnews.hk, respectively, on the next day following such lapse. In such a situation, all application monies will be returned (subject to application channels), without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares – D. Despatch/Collection of Share Certificates and Refund of Application Monies”. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

STRUCTURE OF THE GLOBAL OFFERING

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Monday, 7 July 2025, provided that (i) the Global Offering has become unconditional in all respects at or before that time, and (ii) the right of termination as described in “*Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination*” in this prospectus has not been exercised.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 7 July 2025, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, 7 July 2025.

The Shares will be traded in board lots of 100 Shares each and the stock code of the Shares will be 1828.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.fwd.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older;
- have a Hong Kong address (*for the **HK eIPO White Form** service only*); and
- are outside the United States and a non-U.S. person (within the meaning of Regulation S).

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if:

- you are an existing beneficial owner of Shares and/or a substantial shareholder of any of our Company’s subsidiaries;
- you are a Director or chief executive of our Company and/or any of our Company’s subsidiaries;
- you are a close associate (as defined in the Listing Rules) of any of the above persons;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- you are a connected person (as defined in the Listing Rules) of our Company or a person who will become a connected person of our Company immediately upon the completion of the Global Offering; or
- you have been allocated or have applied for any International Offer Shares or otherwise participated in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Thursday, 26 June 2025 and end at 12:00 noon on Wednesday, 2 July 2025 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	www.hkeipo.hk	Investors who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Thursday, 26 June 2025 to 11:30 a.m. on Wednesday, 2 July 2025, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Wednesday, 2 July 2025, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction	Investors who would <u>not</u> like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The **HK eIPO White Form** service and the HKSCC EIPO channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service, more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through the HKSCC EIPO channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants

- Full name(s)² as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. HKID card; or
 - ii. National identification document; or
 - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)² as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. LEI registration document; or
 - ii. Certificate of incorporation; or
 - iii. Business registration certificate; or
 - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.
2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. The maximum number of joint account holders on FINI is capped at 4¹ in accordance with market practice.
5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

¹ Subject to change, if the Company's Articles of Incorporation and applicable company law prescribe a lower cap.

HOW TO APPLY FOR HONG KONG OFFER SHARES

For those applying through the HKSCC EIPO channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size : 100

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The Offer Price is HK\$38.00 per Share.

If you are applying through the HKSCC EIPO channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are applying through the **HK eIPO White Form** service, you may refer to the tables below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

Hong Kong Offer Shares

No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/ successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/ successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/ successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/ successful allotment HK\$
100	3,838.32	2,500	95,958.08	30,000	1,151,496.90	600,000	23,029,938.00
200	7,676.65	3,000	115,149.69	40,000	1,535,329.20	700,000	26,868,261.00
300	11,514.97	3,500	134,341.30	50,000	1,919,161.50	800,000	30,706,584.00
400	15,353.29	4,000	153,532.92	60,000	2,302,993.80	900,000	34,544,907.00
500	19,191.61	4,500	172,724.54	70,000	2,686,826.10	1,000,000	38,383,230.00
600	23,029.94	5,000	191,916.16	80,000	3,070,658.40	2,000,000	76,766,460.00
700	26,868.26	6,000	230,299.38	90,000	3,454,490.70	3,000,000	115,149,690.00
800	30,706.59	7,000	268,682.61	100,000	3,838,323.00	4,567,100 ⁽¹⁾	175,300,049.72
900	34,544.90	8,000	307,065.85	200,000	7,676,646.00		
1,000	38,383.24	9,000	345,449.06	300,000	11,514,969.00		
1,500	57,574.85	10,000	383,832.30	400,000	15,353,292.00		
2,000	76,766.45	20,000	767,664.60	500,000	19,191,615.00		

- (1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 50% of the Hong Kong Offer Shares initially offered.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “– A. Applications for Hong Kong Offer Shares – 3. Information Required to Apply” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) HKSCC EIPO channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or HKSCC EIPO channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares in the Global Offering.

The Hong Kong Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications (“**Best Practice Note**”) issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or HKSCC EIPO channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorise us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles, and (if you are applying through the HKSCC EIPO channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant’s stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the HKSCC EIPO channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that the Relevant Persons⁽²⁾, the Hong Kong Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;
- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the Hong Kong Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed “– G. *Personal Data – 3. Purposes and 4. Transfer of personal data*” in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees’ application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the Hong Kong Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed “– B. *Publication of Results*” in this section;
- (x) confirm that you are aware of the situations specified in the paragraph headed “– C. *Circumstances in Which You Will Not Be Allocated Hong Kong Offer Shares*” in this section;
- (xi) agree that your application or HKSCC Nominees’ application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant

2 As defined in this prospectus, Relevant Persons would include the Controlling Shareholders, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Underwriters, any of their or our Company’s respective directors, officers or representatives or any other person involved in the Global Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

- (xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** service or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and the **HK eIPO White Form** Service Provider and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

HOW TO APPLY FOR HONG KONG OFFER SHARES

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform

Date/Time

Applying through the **HK eIPO White Form** service or HKSCC EIPO channel:

Website	From the “Allotment Results” function at www.hkeipo.hk/IPOResult (or www.tricor.com.hk/ipo/result) with a “search by ID” function.	24 hours, from 11:00 p.m. on Friday, 4 July 2025 to 12:00 midnight on Thursday, 10 July 2025 (Hong Kong time).
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The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at www.hkeipo.hk/IPOResult or www.tricor.com.hk/ipo/result.

The Stock Exchange’s website at www.hkexnews.hk and our website at www.fwd.com which will provide links to the above mentioned websites of the Hong Kong Share Registrar.	No later than 11:00 p.m. on Friday, 4 July 2025 (Hong Kong time).
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Telephone	+852 3691 8488 – the allocation results telephone enquiry line provided by the Hong Kong Share Registrar.	between 9:00 a.m. and 6:00 p.m., from Monday, 7 July 2025 to Thursday, 10 July 2025 (Hong Kong time).
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For those applying through the HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m. on Thursday, 3 July 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Thursday, 3 July 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Allocation Announcement

We expect to announce the level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at www.fwd.com by no later than 11:00 p.m. on Friday, 4 July 2025 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the Hong Kong Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “– A. Applications for Hong Kong Offer Shares – 5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the receiving banks will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the Global Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the Hong Kong Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made through the HKSCC EIPO channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid at 8:00 a.m. on Monday, 7 July 2025 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Despatch/collection of Share certificate³		
For application of 1,000,000 Hong Kong Offer Shares or more	Collection in person at the Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.	Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account.
	Time: 9:00 a.m. to 1:00 p.m. on Monday, 7 July 2025 (Hong Kong time).	No action by you is required.

³ Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an "extreme conditions" announcement issued after a super typhoon in force in Hong Kong in the morning on Friday, 4 July 2025 rendering it impossible for the relevant Share certificates to be despatched to HKSCC in a timely manner, the Company shall procure the Hong Kong Share Registrar to arrange for delivery of the supporting documents and Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "– E. Severe Weather Arrangements" in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

HK eIPO White Form service

If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation's chop.

HKSCC EIPO channel

Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

Note: If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.

For application of less than 1,000,000 Hong Kong Offer Shares

Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk.

Date: Friday, 4 July 2025.

Refund mechanism for surplus application monies paid by you

Date	Monday, 7 July 2025.	Subject to the arrangement between you and your broker or custodian.
Responsible party	Hong Kong Share Registrar.	Your broker or custodian.
Application monies paid through single bank account	e-Auto Refund payment instructions to your designated bank account.	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.

HOW TO APPLY FOR HONG KONG OFFER SHARES

	HK eIPO White Form service	HKSCC EIPO channel
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk.	

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Wednesday, 2 July 2025 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions

(collectively, “**Severe Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 2 July 2025.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Severe Weather Signals** in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at www.fwd.com of the revised timetable.

If a **Severe Weather Signal** is hoisted on Friday, 4 July 2025, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the Share certificates to the CCASS Depository’s service counter so that they would be available for trading on Monday, 7 July 2025.

If a **Severe Weather Signal** is hoisted on Friday, 4 July 2025, for application of less than 1,000,000 Hong Kong Offer Shares, the despatch of physical Share certificate(s) will be made by ordinary post when the post office re-opens after the **Severe Weather Signal** is lowered or cancelled (e.g. in the afternoon of Friday, 4 July 2025 or on Monday, 7 July 2025).

HOW TO APPLY FOR HONG KONG OFFER SHARES

If a **Severe** Weather Signal is hoisted on Monday, 7 July 2025, for application of 1,000,000 Hong Kong Offer Shares or more, physical Share certificate(s) will be available for collection in person at the Hong Kong Share Registrar's office after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Monday, 7 July 2025 or on Tuesday, 8 July 2025).

Prospective investors should be aware that if they choose to receive physical Share certificates issued in their own name, there may be a delay in receiving the Share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

HOW TO APPLY FOR HONG KONG OFFER SHARES

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the Hong Kong Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares, which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the Hong Kong Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving banks and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the Hong Kong Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. Retention of personal data

The Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the Hong Kong Share Registrar, at their registered address disclosed in the section headed “Corporate information” in this prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, for the purpose of incorporation in this prospectus.



Ernst & Young
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Quarry Bay, Hong Kong

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FWD GROUP HOLDINGS LIMITED 富衛集團有限公司, MORGAN STANLEY ASIA LIMITED, GOLDMAN SACHS (ASIA) L.L.C., CMB INTERNATIONAL CAPITAL LIMITED AND THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

Introduction

We report on the historical financial information of FWD Group Holdings Limited 富衛集團有限公司 (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-185, which comprises the consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024, material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-185 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 26 June 2025 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 1.3 and 2.1 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 1.3 and 2.1 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 1.3 and 2.1 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Historical Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Ernst & Young*Certified Public Accountants*

Hong Kong

26 June 2025

HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on previously issued financial statements of the Group for the Relevant Periods. The previously issued financial statements were audited by Ernst & Young in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board (the "Historical Financial Statements").

The Historical Financial Information is presented in United States dollars and all values are rounded to the nearest million (US\$m) except when otherwise indicated.

CONSOLIDATED INCOME STATEMENTS

US\$m	Notes	Year ended 31 December		
		2022	2023	2024
Insurance revenue	7	2,408	2,756	2,724
Insurance service expenses	9, 18	(1,817)	(1,989)	(2,012)
Net expenses from reinsurance contracts held	18	(146)	(88)	(42)
Insurance service result		445	679	670
Interest revenue on				
Financial assets not measured at fair value through profit or loss		951	1,048	1,088
Financial assets measured at fair value through profit or loss		60	111	97
Other investment gains/(losses)		(999)	(791)	93
Net impairment loss on financial assets		(29)	(9)	(16)
Investment return	8	(17)	359	1,262
Net finance income/(expenses) from insurance contracts		86	(996)	(1,051)
Net finance income/(expenses) from reinsurance contracts held		(23)	1	31
Movement in investment contract liabilities		2	4	(1)
Net investment result	8	48	(632)	241
Net insurance and investment result		493	47	911
Other revenue	7	38	64	36
General and other expenses	9	(689)	(731)	(550)
Borrowings and other finance costs	10	(128)	(174)	(249)
Profit/(loss) before share of profit/(loss) from associates and joint ventures		(286)	(794)	148
Share of profit/(loss) from associates and joint ventures	15	2	(20)	36
Profit/(loss) before tax		(284)	(814)	184
Tax benefit/(expense)	11	(36)	97	(174)
Net profit/(loss)		(320)	(717)	10

US\$m	Notes	Year ended 31 December		
		2022	2023	2024
Net profit/(loss) attributable to:				
Shareholders of the Company and perpetual securities holders	6	(219)	(716)	24
Shareholders of the Company		(302)	(826)	(78)
Perpetual securities		83	110	102
Non-controlling interests		(101)	(1)	(14)
		(320)	(717)	10

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

US\$m	Year ended 31 December		
	2022	2023	2024
Net profit/(loss)	(320)	(717)	10
OTHER COMPREHENSIVE INCOME			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Fair value gains/(losses) on debt securities at fair value through other comprehensive income	(5,093)	510	(40)
Fair value losses/(gains) on debt securities at fair value through other comprehensive income transferred to income on disposal and impairment	202	891	448
Net finance income/(expenses) from insurance contracts	4,834	(1,293)	(47)
Net finance income/(expenses) from reinsurance contracts held	(32)	18	(293)
Cash flow hedges	(9)	(16)	48
Foreign currency translation adjustments	(187)	(105)	(205)
Share of other comprehensive income/(loss) from associates and joint ventures	–	(33)	(23)
Related income tax	(68)	(35)	(10)
	(353)	(63)	(122)
<u>Items that will not be reclassified to profit or loss</u>			
Effect of re-measurement of net liability of defined benefit schemes	2	–	–
Total other comprehensive income/(loss)	(351)	(63)	(122)
Total comprehensive income/(loss)	(671)	(780)	(112)
Total comprehensive income/(loss) attributable to:			
Shareholders of the Company and perpetual securities holders	(475)	(684)	(91)
Shareholders of the Company	(558)	(794)	(193)
Perpetual securities	83	110	102
Non-controlling interests	(196)	(96)	(21)
	(671)	(780)	(112)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

US\$m	Notes	As at 31 December		
		2022	2023	2024
ASSETS				
Intangible assets	14	3,207	3,154	3,085
Investments in associates and joint ventures	15	407	383	438
Property, plant and equipment	16	139	146	139
Investment property	17	641	599	466
Insurance contract assets	18	722	798	683
Reinsurance contract assets	18	725	2,876	2,696
Financial investments	19, 21			
At fair value through other comprehensive income debt securities		30,815	29,029	31,408
At fair value through profit or loss				
Debt securities		1,810	1,970	1,750
Equity securities		381	675	221
Interests in investment funds		7,576	8,667	9,103
Derivative financial instruments	20	319	218	285
Loans and deposits		1,530	996	902
		42,431	41,555	43,669
Deferred tax assets	11	238	321	176
Current tax recoverable		32	18	51
Other assets	22	574	816	622
Cash and cash equivalents	23	1,474	2,008	1,687
Total assets		50,590	52,674	53,712
LIABILITIES				
Insurance contract liabilities	18	37,019	40,073	41,646
Reinsurance contract liabilities	18	463	304	366
Investment contract liabilities	24	197	56	32
Borrowings	25	2,216	2,531	2,793
Derivative financial instruments	20	134	416	528
Provisions		15	42	40
Deferred tax liabilities	11	269	136	172
Current tax liabilities		385	425	147
Other liabilities	26	1,403	1,059	1,174
Total liabilities		42,101	45,042	46,898

US\$m	Notes	As at 31 December		
		2022	2023	2024
EQUITY				
Share capital and share premium	27	6,411	9,010	9,010
Other reserves	27	81	124	190
Retained earnings/(accumulated losses)		(438)	(1,956)	(2,139)
Amounts reflected in other comprehensive income		(637)	(944)	(1,049)
Fair value reserve	27	(2,953)	(2,934)	(2,584)
Insurance finance reserve	27	2,620	2,558	2,292
Cash flow hedge reserve	27	(15)	(32)	6
Defined benefit obligation revaluation reserve		3	3	3
Foreign currency translation reserve	27	(295)	(510)	(714)
Share of other comprehensive income of associates and joint ventures		3	(29)	(52)
Total equity of the Group attributable to:				
Shareholders of the Company and perpetual securities holders		6,771	7,582	6,753
Shareholders of the Company		5,417	6,234	6,012
Perpetual securities	27	1,354	1,348	741
Non-controlling interests	27	1,718	50	61
Total equity		8,489	7,632	6,814
Total liabilities and equity		50,590	52,674	53,712

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

US\$m	Notes	As at 31 December		
		2022	2023	2024
ASSETS				
Investment in subsidiaries	35	5,438	8,470	8,470
Financial investments				
At fair value through profit or loss				
Derivative financial instruments	20	10	3	2
Loans and deposits	19	601	—	—
		611	3	2
Other assets	22	14	3,958	3,606
Cash and cash equivalents	23	360	622	271
Total assets		6,423	13,053	12,349
LIABILITIES				
Borrowings	25	—	2,531	2,793
Derivative financial instruments	20	2	—	—
Current tax liabilities		2	2	2
Other liabilities	26	47	104	134
Total liabilities		51	2,637	2,929
EQUITY				
Share capital and share premium	27	6,411	9,010	9,010
Other reserves	27	15	22	22
Accumulated losses		(54)	(182)	(519)
Total equity of the Company attributable to:				
Shareholders of the Company		6,372	8,850	8,513
Perpetual securities	27	—	1,566	907
Total equity		6,372	10,416	9,420
Total liabilities and equity		6,423	13,053	12,349

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to Shareholders of the Company														
	Notes	Share Capital and share premium	Other reserves	Retained earnings/(accumulated losses)	Amounts reflected in other comprehensive income	Fair value reserve	Insurance finance reserve	Cash flow hedge reserve	Defined benefit obligation revaluation reserve	Foreign currency translation reserve	Share of other comprehensive income of associates and joint ventures	Perpetual securities	Non-controlling interests	Total equity
US\$m														
Balance as at 1 January 2022		6,019	98	13	(386)	(33)	(187)	(9)	2	(162)	3	1,607	1,729	9,080
Net profit/(loss)		-	-	(302)	-	-	-	-	-	-	-	83	(101)	(320)
Other comprehensive income items that may be reclassified subsequently to profit or loss														
Fair value gains/(losses) on debt securities at fair value through other comprehensive income		-	-	-	(3,697)	(3,697)	-	-	-	-	-	-	(1,396)	(5,093)
Fair value losses/(gains) on debt securities at fair value through other comprehensive income transferred to income on disposal and impairment		-	-	-	146	146	-	-	-	-	-	-	56	202
Net finance income/(expenses) from insurance contracts		-	-	-	3,510	-	3,510	-	-	-	-	-	1,324	4,834
Net finance income/(expenses) from reinsurance contracts held		-	-	-	(23)	-	(23)	-	-	-	-	-	(9)	(32)
Cash flow hedges		-	-	-	(7)	-	-	(7)	-	-	-	-	(2)	(9)
Foreign currency translation adjustments		-	-	-	(137)	-	-	-	-	(137)	-	-	(50)	(187)
Related income tax		-	-	-	(49)	614	(664)	1	-	-	-	-	(19)	(68)
Other comprehensive income items that will not be reclassified subsequently to profit or loss														
Effect of remeasurement of net liability of defined benefit schemes		-	-	-	1	-	-	-	1	-	-	-	1	2
Total comprehensive income/(loss) for the year		-	-	(302)	(256)	(2,937)	2,823	(6)	1	(137)	-	83	(196)	(671)

Attributable to Shareholders of the Company

US\$m	Notes	Share Capital and share premium	Other reserves	Retained earnings/ (accumulated losses)	Amounts reflected in other comprehensive income	Fair value reserve	Insurance finance reserve	Cash flow hedge reserve	Defined benefit obligation revaluation reserve	Foreign currency translation reserve	Share of other comprehensive income of associates and joint ventures	Perpetual securities	Non-controlling interests	Total equity
	27	400	-	-	-	-	-	-	-	-	-	-	-	400
Issuance of shares		-	(38)	6	4	17	(16)	-	-	3	-	-	28	-
Issuance of shares by subsidiaries	27	-	-	(2)	-	-	-	-	-	-	-	(248)	-	(250)
Redemption of perpetual securities	27	-	-	-	-	-	-	-	-	-	-	(87)	-	(87)
Distribution paid	31	-	19	-	-	-	-	-	-	-	-	-	7	26
Share-based compensation	27	-	-	(151)	-	-	-	-	-	-	-	-	151	-
Transactions with non-controlling interests		-	-	-	(2)	(1)	-	-	-	(1)	-	-	(1)	(3)
Disposal of subsidiary		-	3	(3)	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserve		-	(1)	1	3	1	-	-	-	2	-	(1)	-	(6)
Others		(8)												
Balance as at 31 December 2022		6,411	81	(438)	(637)	(2,953)	2,620	(15)	3	(295)	3	1,354	1,718	8,489

Attributable to Shareholders of the Company

	Notes	Share Capital and share premium	Other reserves	Accumulated losses	Amounts reflected in other comprehensive income	Fair value reserve	Insurance finance reserve	Cash flow hedge reserve	Defined benefit obligation revaluation reserve	Foreign currency translation reserve	Share of other comprehensive income of associates and joint ventures	Perpetual securities	Non-controlling interests	Total equity
US\$m														
Balance as at 1 January 2023		6,411	81	(438)	(637)	(2,953)	2,620	(15)	3	(295)	3	1,354	1,718	8,489
Net profit/(loss)		-	-	(826)	-	-	-	-	-	-	-	110	(1)	(717)
Other comprehensive income items that may be reclassified subsequently to profit or loss														
Fair value gains/(losses) on debt securities at fair value through other comprehensive income		-	-	-	282	282	-	-	-	-	-	-	228	510
Fair value losses/(gains) on debt securities at fair value through other comprehensive income transferred to income on disposal and impairment		-	-	-	874	874	-	-	-	-	-	-	17	891
Net finance income/(expenses) from insurance contracts		-	-	-	(986)	-	(986)	-	-	-	-	-	(307)	(1,293)
Net finance income/(expenses) from reinsurance contracts held		-	-	-	6	-	6	-	-	-	-	-	12	18
Cash flow hedges		-	-	-	(16)	-	-	(16)	-	-	-	-	-	(16)
Foreign currency translation adjustments		-	-	-	(40)	-	-	-	-	(40)	-	-	(65)	(105)
Share of other comprehensive income/(loss) of associates and joint ventures		-	-	-	(34)	-	-	-	-	-	(34)	-	1	(33)
Related income tax		-	-	-	(54)	(202)	144	4	-	-	-	-	19	(35)
Total comprehensive income/(loss) for the year		-	-	(826)	32	954	(836)	(12)	-	(40)	(34)	110	(96)	(780)

Attributable to Shareholders of the Company

US\$m	Notes	Share Capital and share premium	Other reserves	Accumulated losses	Amounts reflected in other comprehensive income	Fair value reserve	Insurance finance reserve	Cash flow hedge reserve	Defined benefit obligation revaluation reserve	Foreign currency translation reserve	Share of other comprehensive income of associates and joint ventures	Perpetual securities	Non- controlling interests	Total equity
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	20	20
Exchange of Share Capital of FL and FGL		2,599	23	(566)	(335)	(933)	774	(5)	-	(173)	2	-	(1,721)	-
Issuance of shares by subsidiaries	27	-	(18)	-	2	8	(7)	-	-	1	-	-	16	-
Distribution paid	27	-	-	-	-	-	-	-	-	-	-	(110)	-	(110)
Share-based compensation	31	-	17	-	-	-	-	-	-	-	-	-	2	19
Transaction with non-controlling interests	27	-	7	(114)	(3)	(8)	7	-	-	(2)	-	-	112	2
Transfer to legal reserve	27	-	13	(13)	-	-	-	-	-	-	-	-	-	-
Others		-	1	1	(3)	(2)	-	-	-	(1)	-	(6)	(1)	(8)
Balance as at 31 December 2023		9,010	124	(1,956)	(944)	(2,934)	2,558	(32)	3	(510)	(29)	1,348	50	7,632

Attributable to Shareholders of the Company

	Notes	Share Capital and share premium	Other reserves	Accumulated losses	Amounts reflected in other comprehensive income	Fair value reserve	Insurance finance reserve	Cash flow hedge reserve	Defined benefit obligation revaluation reserve	Foreign currency translation reserve	Share of other comprehensive income of associates and joint ventures	Perpetual securities	Non-controlling interests	Total equity
US\$m														
Balance as at 1 January 2024		9,010	124	(1,956)	(944)	(2,934)	2,558	(32)	3	(510)	(29)	1,348	50	7,632
Net profit/(loss)		-	-	(78)	-	-	-	-	-	-	-	102	(14)	10
Other comprehensive income items that may be reclassified subsequently to profit or loss														
Fair value gains/(losses) on debt securities at fair value through other comprehensive income		-	-	-	(42)	(42)	-	-	-	-	-	-	2	(40)
Fair value losses/(gains) on debt securities at fair value through other comprehensive income transferred to income on disposal and impairment		-	-	-	448	448	-	-	-	-	-	-	-	448
Net finance income/(expenses) from insurance contracts		-	-	-	(36)	-	(38)	-	-	-	-	-	(9)	(47)
Net finance income/(expenses) from reinsurance contracts held		-	-	-	(293)	-	(293)	-	-	-	-	-	-	(293)
Cash flow hedges		-	-	-	48	-	-	48	-	-	-	-	-	48
Foreign currency translation adjustments		-	-	-	(205)	-	-	-	-	(205)	-	-	-	(205)
Share of other comprehensive income/(loss) of associates and joint ventures		-	-	-	(23)	-	-	-	-	-	(23)	-	-	(23)
Related income tax		-	-	-	(10)	(59)	59	(10)	-	-	-	-	-	(10)
Total comprehensive income/(loss) for the year		-	-	(78)	(115)	347	(272)	38	-	(205)	(23)	102	(21)	(112)

Attributable to Shareholders of the Company

US\$m	Notes	Share Capital and share premium	Other reserves	Accumulated losses	Amounts reflected in other comprehensive income	Fair value reserve	Insurance finance reserve	Cash flow hedge reserve	Defined benefit obligation revaluation reserve	Foreign currency translation reserve	Share of other comprehensive income of associates and joint ventures	Perpetual securities	Non-controlling interests	Total equity
	27	-	-	-	-	-	-	-	-	-	-	(112)	-	(112)
	27	-	-	(26)	-	-	-	-	-	-	-	-	-	(26)
	27	-	-	-	-	-	-	-	-	-	-	-	32	32
	27	-	-	(4)	-	-	-	-	-	-	-	(596)	-	(600)
		-	66	(66)	-	-	-	-	-	-	-	-	-	-
		-	-	(9)	10	3	6	-	-	1	-	(1)	-	-
		9,010	190	(2,139)	(1,049)	(2,584)	2,292	6	3	(714)	(52)	741	61	6,814
Balance as at 31 December 2024														

CONSOLIDATED STATEMENTS OF CASH FLOWS

US\$m	Notes	Year ended 31 December		
		2022	2023	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax:		(284)	(814)	184
Adjustments for:				
Financial investments		(1,077)	1,264	(3,067)
Insurance and reinsurance contract balances		(1,017)	(756)	1,597
Investment contract liabilities		(75)	(141)	(24)
Other non-cash operating items, including the effect of exchange rate changes on certain operating items		737	(298)	642
Operating cash items:				
Dividend received		189	232	248
Interest received		1,185	1,250	1,251
Interest paid		(10)	(15)	(9)
Income tax paid		(39)	(93)	(296)
Net cash provided by/(used in) operating activities		(391)	629	526
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiaries, net of cash acquired	5	–	19	–
Acquisition of interest in an associate	15	(54)	(51)	(49)
Dividend and distribution from associates and a joint venture	15	7	2	7
Payments for intangible assets		(483)	(62)	(131)
Payments for investment properties		(64)	–	–
Payments for property, plant and equipment		(11)	(10)	(25)
Proceeds from disposal of a subsidiary, net of cash disposed		38	–	–
Proceeds from disposals of intangible assets		13	4	1
Proceeds from disposals of investment properties		–	–	85
Proceeds from disposals of property, plant and equipment		1	1	–
Restricted cash for acquisitions		–	–	2
Net cash used in investing activities		(553)	(97)	(110)

US\$m	Notes	Year ended 31 December		
		2022	2023	2024
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of ordinary shares	27.1	400	–	–
Transaction costs on issuance of ordinary shares		(31)	–	–
Transaction costs on novation of perpetual securities		–	(5)	–
Repayment of bank borrowings	25	(50)	–	(50)
Proceeds from bank borrowings	25	50	–	50
Restricted cash		(3)	12	–
Proceeds from issuance of a subordinated note		–	–	900
Proceeds from issuance of subordinated dated capital securities		–	–	600
Proceeds from issuance of a medium term note		–	325	–
Repayment of a medium-term note		–	–	(325)
Repayment of subordinated notes		–	–	(900)
Distributions paid on perpetual securities	27.3	(87)	(110)	(112)
Redemption of perpetual securities	27.3	(250)	–	(600)
Transaction with non-controlling interests	27.5	–	1	6
Principal portion of lease payments		(42)	(44)	(39)
Finance costs paid on lease liabilities		(4)	(5)	(5)
Finance costs paid on borrowings		(96)	(144)	(228)
Finance costs paid on distribution agreement payable		(74)	(3)	–
Payment for listing related expenses		(3)	(2)	(2)
Net cash provided by/(used in) financing activities		(190)	25	(705)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
		(1,134)	557	(289)
Cash and cash equivalents at beginning of the year		2,654	1,474	2,008
Effect of exchange rate changes on cash and cash equivalents		(46)	(23)	(32)
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,474	2,008	1,687
Included in cash and cash equivalents per the consolidated statements of financial position	23	1,474	2,008	1,687

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES

1 CORPORATE INFORMATION

1.1 General information

FWD Group Holdings Limited 富衛集團有限公司 (formerly known as FWD Group Holdings Limited) (the “Company”), is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 18 March 2013. The address of the Company’s registered office is Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is a holding company. The Company and its subsidiaries (collectively, “FWD Group” or the “Group”) are principally engaged in the provision of products and services focusing on life insurance, general insurance and investment services (the “Insurance Business”).

As at 31 December 2022, 2023 and 2024, the immediate and ultimate holding company of the Company was PCGI Holdings Limited. PCGI Holdings Limited is wholly owned by Mr. Li Tzar Kai, Richard, the ultimate controlling shareholder of the Group (the “Ultimate Controlling Shareholder”).

1.2 History and reorganisation of the Group

1.2.1 Historical holding structure

The historical holding structure of the Group prior to the completion of the reorganisation was as follows:

- The Company was and continues to be the immediate holding company of FWD Group Limited (“FGL”).
- PCGI Limited was the immediate holding company of FWD Limited (“FL”), an exempted company with limited liability incorporated under the laws of the Cayman Islands. As at 1 January 2020, PCGI Limited was wholly owned by Mr. Li Tzar Kai, Richard.
- PCGI Limited and the Company were the immediate holding companies of PCGI Intermediate Limited and PCGI Intermediate Holdings (II) Limited (collectively, the “Financing Entities”), respectively.

1.2.2 Reorganisation of the Group

The Group underwent the following reorganisation steps (“Reorganisation”):

1. On 17 December 2020, the Company and PCGI Limited carried out a merger under the laws of the Cayman Islands (the “Merger”), pursuant to which:
 - i. The Company assumed all the assets, liabilities and business of PCGI Limited, and PCGI Limited ceased to exist according to the laws of the Cayman Islands; and
 - ii. The Company issued 18,486,640 ordinary shares to Mr. Li Tzar Kai, Richard on a one-to-one basis of his holding of ordinary shares of PCGI Limited.

Following the Merger, the share capital and share premium of the Company increased by US\$18m and US\$1,831m, respectively. The Company became the immediate investment holding company of FL, FGL and the Financing Entities.

2. On 23 December 2020, Mr. Li Tzar Kai, Richard transferred his holding of 18,486,640 ordinary shares of the Company to PCGI Holdings Limited in exchange for 18,486,640 ordinary shares of PCGI Holdings Limited. Following such transfer, the Company became the wholly owned subsidiary of PCGI Holdings Limited.

3. On 23 December 2020, the Company transferred its shareholding in the Financing Entities and novated the bank borrowings and guaranteed notes of US\$1,296m and a related party balance of US\$420m to PCGI Holdings Limited by way of capitalisation (the "Transfer and Novation of Borrowings and Related Parties Balances"). Refer to Notes 25, 27 and 33 for further details. PCGI Holdings Limited replaced the Company (itself and as successor of PCGI Limited) as the guarantor of certain notes issued by the Financing Entities. After the completion of the Transfer and Novation of Borrowings and Related Parties Balances, US\$1,716m was capitalised as share premium.
4. On 20 August 2021, the name of the Company was changed from PCGI Intermediate Holdings Limited to FWD Group Holdings Limited.
5. On 20 August 2021, the Company effected a share split of all of the Company's issued and outstanding ordinary shares on a 1-for-100 basis ("Share Split"), pursuant to which the par value of each ordinary share was adjusted from US\$1 to US\$0.01. On the same date, PCGI Holdings Limited surrendered 1,514,065,560 ordinary shares of US\$0.01 each for nil consideration pursuant to a form of surrender letter ("Share Surrender"). Accordingly, the par value of the ordinary shares surrendered at an amount of US\$15m was transferred from share capital to capital redemption reserve. The Share Split and Share Surrender effectively resulted in a 1-for-30 split of the Company's issued ordinary shares.
6. On 14, 15 and 20 December 2021, and 14 and 27 January 2022, the Company allotted and issued in aggregate 259,170,649 ordinary shares to certain investors for consideration of US\$1,625m.
7. On 10 January 2022, the Company adopted the dual foreign name of "FWD Group Holdings Limited 富衛集團有限公司".
8. On 19 December 2022, the Company allotted and issued 31,897,926 ordinary shares to PCGI Holdings Limited at a consideration of US\$200m ("December 2022 Pre-IPO Investment"). Following the December 2022 Pre-IPO Investment, PCGI Holdings Limited holds approximately 77.7% shareholding in the Company. Refer to Note 27 for further details.
9. On 31 July 2023, the Company issued in aggregate 34,756,740 management shares ("Management Shares"), 120,099,900 series P conversion shares ("Series P Conversion Shares") and 196,083,810 Series A, B-2 and B-3 conversion shares ("Series A, B-2 and B-3 Conversion Shares") to the non-controlling interest holders of FL and FGL, and the non-controlling interest holders of FL and FGL sold and the Company purchased their holdings of ordinary shares, preference shares and convertible preference shares (as applicable) in FWD Limited ("FL") and FWD Group Limited ("FGL"), respectively (the "Exchange of Share Capital of FL and FGL"). These Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares will be mandatorily converted into ordinary shares of the Company upon completion of an initial public offering of the Company.

Immediately after the completion of the Exchange of Share Capital of FL and FGL, FL and FGL have become wholly-owned subsidiaries of the Company.

The following reorganisation steps (the "Conditional Reorganisation Steps") are expected to be completed conditional on and upon an initial public offering of the Company taking place:

Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares will be mandatorily converted into ordinary shares of the Company through the consolidation, redesignation and reclassification of the Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares by operation of the laws of the Cayman Islands (the "Conversion of Shares"). Immediately after the Conversion of Shares, the Company will only have ordinary shares in issue.

When these conditional reorganisation steps are completed they are expected to be accounted for in accordance with the Company's accounting policy noted in Note 2.2.

1.3 Basis of presentation

Pursuant to the Reorganisation, the Company carried out the Merger with PCGI Limited and assumed all assets and liabilities of PCGI Limited. Thereafter, the Company became the holding company of FL and FGL. Immediately prior to and after the Reorganisation, all entities comprising the Group are under the common control of the Ultimate Controlling Shareholder. The Reorganisation is merely a reorganisation of the Insurance Business and does not result in any changes in business substance, nor in any management or the ultimate owners of the Insurance Business. Accordingly, the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 December 2022, 2023 and 2024 include the results and cash flows of all entities now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Ultimate Controlling Shareholder, where this is a shorter period. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation. Equity interests in subsidiaries held by parties other than the controlling shareholders, and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting. For entities acquired from or disposed of to a third party, their financial information is included in or excluded from the consolidated financial statements from the respective dates of the acquisition or disposal. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated on consolidation.

2 MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The accounting policies listed below are in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") as issued by the International Accounting Standards Board, and Interpretations developed by the IFRS Interpretations Committee ("IFRIC").

The consolidated financial statements have been prepared, on a going concern basis, under the historical cost convention, except for investment property, the re-measurement of financial assets measured at fair value through other comprehensive income ("FVOCI"), certain financial assets and liabilities measured or designated at fair value through profit or loss ("FVTPL") and derivative financial instruments, all of which are carried at fair value. Additionally, insurance and reinsurance contract assets and liabilities are measured using a fulfilment cash flow and contractual service margin basis.

IFRS 9 Financial instruments and IFRS 17 Insurance contracts are effective for annual periods beginning on or after 1 January 2023 and early application is permitted. The Group has applied IFRS 9 and IFRS 17 consistently throughout the reporting periods presented. The accounting policies adopted are consistent throughout the years ended 31 December 2022, 2023 and 2024.

The following relevant new standards and amendments to standards have been issued but are not yet effective and have not been early adopted for the reporting periods presented:

- Amendments to IAS 21, Lack of Exchangeability (2025)
- Amendments to IFRS 9 and IFRS 7, Classification and Measurement of Financial Instruments (2026)
- Annual Improvements to IFRS Accounting Standards – Volume 11, Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 (2026)
- IFRS 18, Presentation and Disclosure in Financial Statements (2027)
- IFRS 19, Subsidiaries without Public Accountability: Disclosures (2027)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate of Joint Venture (Deferred)

The Group is assessing the application of these new standards and amendments, and does not expect material impacts to the Group.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the years ended 31 December 2022, 2023 and 2024. The financial statements of the subsidiaries are prepared for the same reporting period, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(1) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directly by means of contractual arrangement. The Group has determined that the investment funds that the Group has interest are structured entities.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation from the date at which the Group no longer has control. Intercompany transactions are eliminated.

The Group utilises the acquisition method of accounting to account for the acquisition of subsidiaries, unless the acquisition forms part of the Group reorganisation of entities under common control. Under this method, the cost of an acquisition is measured as the fair value of the considerations transferred, considerations payable, shares issued or liabilities assumed at the date of acquisition. For each acquisition of subsidiary, the Group elects whether to measure the non-controlling interests in the entity at fair value ("fair value approach") or at the proportionate share of the entity's identifiable net assets ("proportionate share approach"). The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill (Note 2.9). The Group recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interests in the subsidiary. Any surplus of the acquirer's interest in subsidiary's net assets over the cost of acquisition is credited to the consolidated income statements. Acquisition-related costs are expensed as incurred.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The consolidated financial statements of the Group include the assets, liabilities and results of entities now comprising the Group, using accounts drawn up to the reporting date.

(2) *Investment funds*

Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds are consolidated in the financial statements. In conducting the assessment, the Group considers substantive contractual rights as well as de facto control. De facto control of an entity may arise from circumstances where the Group does not have more than 50% of the voting power but it has the practical ability to direct the relevant activities of the entity. If the Group has power to remove or control over the party having the ability to direct the relevant activities of the fund based on the facts and circumstances and that the Group has exposure to variable returns of the investment funds, they are consolidated. Variable returns include both rights to the profits or distributions as well as the obligation to absorb losses of the investees.

(3) Non-controlling interests

Non-controlling interests are presented within equity except when they arise through the minority's interest in puttable liabilities such as the unit holders' interest in consolidated investment funds, when they are recognised as a liability, reflecting the net assets of the consolidated entity. Acquisitions and disposals of non-controlling interests, except when they arise through the minority's interest in puttable liabilities, are treated as transactions between equity holders. As a result, any difference between the amount by which the carrying amounts of the non-controlling interests are adjusted and the amount of the fair value of consideration received is recognised in the respective components of the equity attributable to the shareholders of the Company.

Perpetual securities issued by subsidiaries and classified as equity instruments are non-controlling interests of the Group, if they are held by investors other than the parent. Profit or loss and each component of OCI are attributable to the parent and other equity holders of the non-controlling interests after adjusting for any cumulative distributions on the perpetual securities, whether or not such distributions have been declared.

(4) Investments in associates and joint ventures

Associates are entities over which the Group has significant influence, but which it does not have control or joint control. Generally, it is presumed that the Group has significant influence if it has between 20 per cent and 50 per cent of voting rights. Joint ventures are entities whereby the Group and other parties undertake an economic activity which is subject to joint control arising from a contractual agreement.

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under this method, the cost of the investment in an associate or joint venture, together with the Group's share of that entity's post-acquisition changes to equity, is included as an asset in the consolidated statement of financial position. Cost includes goodwill arising on acquisition. The Group's share of the post-acquisition profits or losses and other comprehensive income is recognised in the consolidated income statements and consolidated statement of comprehensive income, respectively. In addition, when there is a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity.

Gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Losses are also eliminated, unless the transaction provides evidence of an impairment of an asset transferred between entities.

When an investment in an associate is a venture capital organisation, a mutual fund, unit trust or similar entity, including unit-linked insurance funds (i.e. an investment entity) and the investment entity associate applies fair value measurement to its subsidiaries, the Group retains the fair value measurement applied by the investment entity associate to its interests in subsidiaries when applying the equity method.

2.3 Insurance and Investment contracts

Consistent accounting policies for the measurement and recognition of insurance and investment contracts have been adopted throughout the Group.

(1) Product classification

The Group classifies its contracts written including reinsurance issued or reinsurance contracts held as either insurance contracts or investment contracts, depending on the level of insurance risk. Insurance contracts are those contracts that transfer significant insurance risk, while investment contracts are those contracts without significant insurance risk. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Some insurance and investment contracts, referred to as participating business, have discretionary participation features, "DPF", which may entitle the customer to receive, as a supplement to guaranteed benefits, additional non-guaranteed benefits, such as policyholder dividends or bonuses. The Group applies the same accounting policies for the recognition and measurement of obligations arising from investment contracts with DPF as it does for insurance contracts. The Group refers to such contracts as participating business.

In the event that a scenario (other than those lacking commercial substance) exists in which an insured event would require the Group to pay significant additional benefits to its customers, the contract is accounted for as an insurance contract. For investment contracts that do not contain DPF, *IFRS 9 Financial Instrument*, and, if the

contract includes an investment management element, *IFRS 15, Revenue from contracts with customers*, are applied. Once a contract has been classified as an insurance contract reclassification is not subsequently performed unless the terms of the agreements are later amended.

Certain insurance and investment contracts with DPF supplement the amount of guaranteed benefits due to policyholders. These contracts are distinct from other insurance and investment contracts as the Group has discretion in the amount and/or timing of the benefits declared, and how such benefits are allocated between groups of policyholders. Customers may be entitled to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the Group; and
- that are contractually based on:
 - the performance of a specified pool of contracts or a specified type of contract;
 - realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
 - the profit or loss of the entity, fund or other entity that issues the contract.

In some jurisdictions, participating business is written in a participant fund which is distinct from the other assets of the Group. The allocation of benefits from the assets held in such participating funds is subject to minimum policyholder participation mechanisms which are established by regulation. The extent of such policyholder participation may change over time. The current policy participation in declared dividends for locations with participating funds is set out below:

Country	Current policyholder participation
Malaysia	90%
Vietnam	70%/75%
Singapore	90%

In some jurisdiction participating business is not written in a distinct fund and the Group refers to this as other participating business.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts measured under the variable fee approach ("VFA") are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

All other insurance contracts and all reinsurance contracts held are classified as contracts without direct participation features. Some of these contracts are measured under the premium allocation approach ("PAA").

The Group's products may be divided into the following main categories:

Policy type	Description of benefits payable	Basis of accounting for:	
		Insurance contract liabilities	Investment contract
Traditional participating life assurance with DPF	Participating funds Participating products include protection and savings element. The basic sum assured, payable on death or maturity, may be enhanced by dividends or bonuses, the aggregate amount of which is determined by the performance of a distinct fund of assets and liabilities. The timing and bonus declarations is at the discretion of the insurer. Local regulators generally prescribed a minimum proportion of policyholder participation in declared dividend.	Insurance contracts liabilities make provision for the present value of guaranteed benefits, non-guaranteed participation and future administrative expenses that are directly attributable to the contract less estimated future gross premiums to be collected from policyholders. In addition, a contractual service margin representing the unearned profit the Group will recognise as it provides service to the contract is recognised.	Not applicable, as contracts with DPF are accounted for as insurance contracts under IFRS 17.
	Other participating business Participating products include protection and savings elements. The basic sum assured, payable on death or maturity, may be enhanced by dividends or bonuses, the timing or amount of which are at the discretion of the insurer taking into account factors such as investment experience.	Insurance contract liabilities make provision for the present value of guaranteed benefits, non-guaranteed participation and future administrative expenses that are directly attributable to the contract less estimated future gross premiums to be collected from policyholders. In addition, a contractual service margin representing the unearned profit the Group will recognise as it provides service to the contract is recognised.	Not applicable, as contracts with DPF are accounted for as insurance contracts under IFRS 17.

Policy type	Description of benefits payable	Basis of accounting for:	
		Insurance contract liabilities	Investment contract
Takaful	Products combine savings with protection, with an arrangement based on mutual assistance under which takaful participants agree to contribute to a common fund (Family risk fund) providing for mutual financial benefits payable on the occurrence of pre-agreed events.	Insurance contract liabilities reflect the present value of future policy benefits to be paid, the future administration expenses that are directly related to the contract and the mutual financial benefits to be paid from the common fund, less the present value of estimated future gross premiums to be collected from policyholders. In addition, a contractual service margin representing the unearned profit the Group will recognise as it provides service to the contract is recognised.	Not applicable
Non-participating life assurance, annuities and other protection products	Benefits payable are not at the discretion of the insurer.	Insurance contract liabilities reflect the present value of future policy benefits to be paid and the future administration expenses that are directly attributable to the contract, less the present value of estimated future gross premiums to be collected from policyholders. In addition, a contractual service margin representing the unearned profit the Group will recognise as it provides service to the contract is recognised.	Investment contract liabilities without DPF are measured at amortised cost.
Universal life	Benefits are based on an account balance, credited with interest at a rate set by the insurer, and a death benefit, which may be varied by the customer.	Insurance contract liabilities reflect the present value of future policy benefits to be paid and the future administration expenses that are directly attributable to the contract, less the present value of estimated future gross premiums to be collected from policyholders. In addition, a contractual service margin representing the unearned profit the Group will recognise as it provides service to the contract is recognised.	Not applicable as such contracts generally contain significant insurance risk.

Policy type	Description of benefits payable	Basis of accounting for:	
		Insurance contract liabilities	Investment contract
Unit-linked	These may be primarily savings products or may combine savings with an element of protection.	<p>Insurance contract liabilities reflect the present value of future policy benefits to be paid and the future administration expenses that are directly attributable to the contract, less the present value of estimated future gross premiums to be collected from policyholders.</p> <p>In addition, a contractual service margin representing the unearned profit the Group will recognise as it provides service to the contract is recognised.</p>	Investment contract liabilities are measured at fair value (determined with reference to the accumulation value).

2.3.1 Life Insurance contracts and investment contracts with DPF

(1) Separating components from insurance and reinsurance contracts issued

At inception, the Group separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Group separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Group provides a significant service of integrating the good or service with the insurance component.

(2) Aggregation and recognition of insurance and reinsurance contracts issued

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

An insurance contract issued by the Group is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

(3) Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group and to the groups that will include renewals of those contracts. The Group expects to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals is based on the manner in which the Group expects to recover those cash flows.

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated.

The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

When the Group acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at fair value for the rights to obtain:

- renewals of contracts recognised at the date of acquisition; and
- other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Recoverability assessment

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group:

- a. recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and

- b. if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

The Group reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

(4) *Contract boundaries*

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services).

A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to the Group, which may include both insurance and financial risks.

(5) *Measurement – Contracts not measured under the PAA*

Initial measurement

On initial recognition, the Group measures a group of insurance contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the Contractual Service Margin, "CSM". The fulfilment cash flows of a group of insurance contracts do not reflect the Group's non-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (3)) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses

The CSM of each group of contracts is calculated at each reporting date as follows.

Insurance contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
 - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component; or
 - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;

- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year;
- differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM.

Direct participation contracts measured under VFA

Direct participating contracts are contracts under which the Group's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Group provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, the Group adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Group then adjusts any CSM for changes in the amount of the Group's share of the fair value of the underlying items, which relate to future services, as explained below.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- the change in the amount of the Group's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
 - the Group has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows;
 - a decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or

- an increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses);
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows not varying based on the return on underlying items that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items – e.g. the effect of financial guarantees.

(6) *Measurement – Contracts measured under the PAA*

The Group generally uses the PAA to simplify the measurement of groups of contracts in the following circumstances:

- when the coverage period of each contract in the group is one year or less; or
- the Group reasonably expects that the resulting measurement of the liabilities for remaining coverage ("LRC") would not differ materially from the result of applying the accounting policies of contracts not measured under the PAA.

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows for life insurance contracts). For non-life insurance contracts, the Group has chosen to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted.

The Group recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

(7) *Derecognition and contract modification*

The Group derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On derecognition of a contract from within a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Group entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Group received the premium that it would have charged less any additional premium charged for the modification.

(8) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts held that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) are included in the carrying amount of the related portfolios of contracts.

The Group disaggregates amounts recognised in the statement of profit or loss and OCI into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue and insurance service expenses exclude any investment components.

Insurance revenue – Contracts not measured under the PAA

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Group expects to receive consideration, and comprises the following items:

- A release of the CSM, measured based on coverage units provided.
- Changes in the risk adjustment for non-financial risk relating to current services.

- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts, which are recognised as insurance revenue and insurance service expenses at that date.
- Other amounts, such as experience adjustments for premium receipts for current or past services

In addition, the Group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group recognises the allocated amount, as insurance revenue and an equal amount as insurance service expenses.

Release of the CSM

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Services provided by insurance contracts include insurance coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of policyholders. In addition, insurance contracts without direct participation features may also provide investment services for generating an investment return for the policyholder, but only if:

- an investment component exists or the policyholder has a right to withdraw an amount;
- the investment component or withdrawal amount is expected to include an investment return; and
- the Group expects to perform investment activities to generate that investment return.

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders relating to those services have been paid.

Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates the expected premium receipts to each period by the passage of time.

Loss components

For contracts not measured under the PAA, the Group establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows, excluding investment component, plus the risk adjustment for non-financial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

Changes in fulfilment cash flows relating to future services and changes in the amount of the Group's share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- Incurred claims and other insurance service expenses: For some contracts, incurred claims also include premiums waived on detection of critical illness.
- Amortisation of insurance acquisition cash flows: For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, other than non-life contracts, the Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

2.3.2 Reinsurance contracts held

To the extent that reinsurance contracts held principally transfer financial risk (as opposed to insurance risk) they are accounted for directly through the consolidated statements of financial position and are not included in reinsurance assets or liabilities. A deposit asset or liability is recognised, based on the consideration paid or received less any explicitly identified premiums or fees to be retained by the reinsured.

For reinsurance contracts held that transferred significant insurance risk, they are accounted for as follows.

(1) Aggregation and recognition of reinsurance contracts held

Groups of reinsurance contracts held are established such that each group comprises a single contract. Some reinsurance contracts held provide cover for underlying contracts that are included in different groups. However, the Group concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Group's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

A group of reinsurance contracts held is recognised on the following date:

- Reinsurance contracts held initiated by the Group that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised.

- Other reinsurance contracts held initiated by the Group: The beginning of the coverage period of the group of reinsurance contracts held. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts held is recognised on that earlier date. This applies to the Group's excess of loss and stop loss reinsurance contracts held.
- Reinsurance contracts held acquired: The date of acquisition.

(2) *Contract boundaries*

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

(3) *Measurement – Contracts not measured under the PAA*

To measure a group of reinsurance contracts held, the Group applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts held at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Group to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Group recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates determined on initial recognition;

- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts held;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

Reinsurance of onerous underlying insurance contracts

The Group adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts held.

For reinsurance contracts held acquired in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:

- the amount of the loss component that relates to the underlying contracts at the date of acquisition; and
- the percentage of claims on the underlying contracts that the Group expects at the date of acquisition to recover from the reinsurance contracts held.

For reinsurance contracts acquired in a business combination, the adjustment to the CSM reduces goodwill or increases a gain on a bargain purchase.

If the reinsurance contract held covers only some of the insurance contracts included in an onerous group of contracts, then the Group uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

A loss-recovery component is created or adjusted for the group of reinsurance contracts held to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid.

(4) Measurement – Contracts measured under the PAA

The Group applies the same accounting policies to measure a group of reinsurance contracts held, adapted where necessary to reflect features that differ from those of insurance contracts.

If a loss-recovery component is created for a group of reinsurance contracts held measured under the PAA, then the Group adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

(5) *Derecognition and contract modification*

The Group derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On derecognition of a contract from within a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Group entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Group received the premium that it would have charged less any additional premium charged for the modification.

(6) *Presentation*

Portfolios of reinsurance contracts held that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts are included in the carrying amount of the related portfolios of contracts.

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts held, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts held in the insurance service result.

Net expenses from reinsurance contracts held

Net expenses from reinsurance contracts held comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts held. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts held covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts held relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts held.

2.3.3 Investment contracts without DPF

Investment contracts without DPF which do not contain sufficient insurance risk are not considered as insurance contracts and are accounted for as a financial liability.

Revenue from these contracts consists of various charges (policy fees, handling fees, management fees and surrender charges) made against the contract for the cost of insurance, expenses and early surrender. First year charges are amortised over the life of the contract as the services are provided.

(1) Investment contract fee revenue

Customers are charged fees for policy administration, investment management, surrenders or other contract services. The fees may be fixed amounts or vary with the amounts being managed, and will generally be charged as an adjustment to the policyholder's account balance. The fees are recognised as revenue in the period in which they are received unless they relate to services to be provided in future periods, in which case they are deferred and recognised as the service is provided.

Origination and other "upfront" fees (fees that are assessed against the account balance as consideration for origination of the contract) are charged on some non-participating investment and pension contracts. Where the investment contract is measured at fair value, the front-end fees that relate to the provision of investment management services are amortised and recognised as the services are provided.

(2) Investment contract liabilities

Deposits collected and benefit payments under investment contracts without DPF are not accounted for through the consolidated income statements, except for the investment income and fees attributed to those contracts, but are accounted for directly through the consolidated statement of financial position as an adjustment to the investment contract liability, which reflects the account balance.

The majority of the Group's contracts classified as investment contracts are unit-linked contracts, with measurement directly linked to the underlying investment assets, which are portfolios maintained to meet specific investment objectives of policyholders who generally bear the credit and market risks on those investments. The liabilities are carried at fair value determined with reference to the accumulation value (current unit value) and an unearned revenue liability and sales inducement liability where applicable. The costs of policy administration, investment management, surrender charges and certain policyholder taxes assessed against customers' account balances are included in revenue, and accounted for as described under "Investment contract fee revenue" above.

2.4 Financial Instruments

2.4.1 Classification and measurement of financial instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(1) Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

(2) Financial asset is measured at fair value through other comprehensive income

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

Financial asset is measured at FVOCI are initially recognized at fair value plus attributable transaction costs. The difference between the initial recognition amount and par value is amortized. Interest income from FVOCI debt securities is recognized in investment income in the consolidated income statements using the effective interest method. FVOCI debt securities are subsequently measured at fair value. Changes in the fair value, except for relevant foreign exchange gains and losses and impairment losses, are recognized in other comprehensive income and accumulated in a separate fair value reserve within equity. Foreign currency translation differences on these debt securities are calculated as if they were carried at amortized cost and are recognized in the consolidated income statements as investment experience. Impairment losses are recognized in the consolidated income statements.

On initial recognition of an equity security that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

(3) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Dividend income from equity securities or investment funds at fair value through profit or loss is recognised in investment income in the consolidated income statements, generally when the security becomes ex-dividend. Interest income is recognised on an accrued basis. For all financial assets at fair value through profit or loss, changes in fair value are recognised in other investment gains/(losses).

Transaction costs in respect of financial assets and liabilities at fair value through profit or loss are expensed as they are incurred.

(4) *Business model assessment*

The Group assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest 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 assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

For a majority of debt investments, the objective of the Group's business model is to fund insurance contract liabilities. The Group undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to ensure that contractual cash flows from the financial assets are sufficient to settle insurance contract liabilities. The Group determines that both collecting contractual cash flows as they come due and selling financial assets to maintain the desired asset profile are integral to achieving the business model's objective.

Loans and deposits are held in separate portfolios for long-term yield. These assets may be sold, but such sales are not expected to be more than infrequent. The Group considers that these assets are held within a business model whose objective is to hold assets to collect the contractual cash flows.

(5) *Assessment of whether contractual cash flows are SPPI*

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time – e.g. if there are repayments of principal.

Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and

- features that modify consideration for the time value of money (e.g. periodic reset of interest rates).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. In addition, for a financial asset acquired at a premium or discount to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition.

Some prepayment features permit the debtor to prepay the debt instrument at an amount calculated as the remaining contractual cash flows discounted at the current market benchmark interest rate plus a fixed spread. The Group has determined that these prepayment features are consistent with the SPPI criterion. Because the Group would be compensated only for the change in the market benchmark interest rate and for lost interest margin, the prepayment penalty would not include any non-SPPI risks and may be seen as reasonable compensation.

(6) *Realised gains and losses on financial assets*

Realised gains and losses on FVOCI debt securities are determined as the difference between the sale proceeds and amortised costs and the cumulative gains and losses are reclassified to profit or loss from other comprehensive income.

Cumulative gains and losses recognised in other comprehensive income on FVOCI equity securities are not reclassified to profit or loss but transferred to retained earnings on disposal of an investment.

Purchases and sales of financial instruments are recognized on the trade date, which is the date at which the Group commits to purchase or sell the assets.

(7) *Financial liabilities*

The Group classifies its financial liabilities, into one of the following categories:

- financial liabilities at FVTPL, and within this category as:
 - held-for-trading;
 - derivative hedging instruments; or
 - designated as at FVTPL; and
- financial liabilities at amortised cost.

The Group has designated investment contract liabilities as at FVTPL on initial recognition if the related assets are measured at FVTPL and the designation eliminates a measurement inconsistency.

All investment contract liabilities have a unit-linking feature whereby the amount due to contract holders is contractually determined on the basis of specified assets. The effect of the unit-linking feature on the fair value of the liability is asset-specific performance risk and not credit risk, and the liabilities are fully collateralised. The Group has determined that any residual credit risk is insignificant and has not had any impact on the fair value of the liabilities.

(8) *Derecognition and offset*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it

derecognises the financial asset if it no longer has control over the asset. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which the Group is exposed to changes in the fair value of the asset.

Financial liabilities are generally derecognised when their contractual obligations expire or are discharged or cancelled. If the terms of a financial instrument are modified, then the Group evaluates whether the cash flows of the modified financial instrument are substantially different. If the cash flows are substantially different, in which case, a new financial instrument based on the modified terms is recognised at fair value. If a financial instrument measured at amortised cost is modified but not substantially, then it is not derecognised.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(9) Loans and deposits

Loans and deposits are initially recognised at fair value plus transaction costs. Subsequently, they are carried at amortised cost using the effective interest method less any impairment losses. Interest income from loans and receivables is recognised in investment income in the consolidated income statements using the effective interest method.

(10) Term deposits

Deposits include time deposits with financial institutions which do not meet the definition of cash and cash equivalents as their maturity at acquisition exceeds three months. Certain of these balances are subject to regulatory or other restriction as disclosed in Note 19 Financial Investments. Deposits are stated at amortised cost using the effective interest method.

(11) Cash and cash equivalents and restricted cash

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities at acquisition of three months or less, which are held for cash management purposes. Cash and cash equivalents also include cash received as collateral for derivative transactions, and repo and reverse repo transactions. Cash and cash equivalents are measured at amortised cost using the effective interest method.

Bank deposits which are restricted to use are included in “restricted cash” within “other assets” in the consolidated statement of financial position. Restricted cash are excluded from cash and cash equivalents.

2.4.2 Fair values of non-derivative financial instruments

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, having regard to the specific characteristics of the asset or liability concerned, assuming that the transfer takes place in the most advantageous market to which the Group has access. The fair values of financial instruments traded in active markets (such as financial instruments at fair value through profit or loss and at fair value through other comprehensive income) are based on quoted market prices at the date of the consolidated statement of financial position. The quoted market price used for financial assets held by the Group is the current bid price, which is considered to be the price within the bid-ask spread that is most representative of the fair value in the circumstances. The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions at each reporting date. The objective of using a valuation technique is to estimate the price at which an orderly transaction would take place between market participants at the date of the consolidated statement of financial position.

Financial instruments carried at fair value are measured using a fair value hierarchy described in Note 21.

2.4.3 Impairment of financial assets

(1) General

The Group recognises loss allowances for expected credit loss (ECL) on financial assets measured at amortised cost and debt investments measured at FVOCI.

The Group measures loss allowances at an amount equal to 12-month ECL, except for Stage 2 and Stage 3 assets where a lifetime ECL is recognised.

ECL is assessed in three stages:

Stage 1: if the financial asset is not credit-impaired upon origination and the credit risk on the financial instrument has not increased significantly since initial recognition, the loss allowance is measured at an amount up to 12-month ECL;

Stage 2: if the financial asset is not credit-impaired upon origination but the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime ECL. Lifetime ECL results from all possible default events over the expected life of the financial instrument; and

Stage 3: if the financial asset is credit-impaired, with one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, the loss allowance is also measured at an amount equal to the lifetime ECL.

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

For debt securities at low credit risk at the reporting date, it is assumed that the credit risk has not increased significantly since initial recognition, and hence, the loss allowance is measured at an amount up to 12-month ECL.

(2) Measurement of ECL

ECL is calculated as a probability-weighted forward-looking estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

(3) Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets measured at amortised cost, debt investments at FVOCI and lease receivables are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to mitigating actions. The criteria of "default" are consistent with those of "credit-impaired".

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Group on terms that the Group would not otherwise consider;
- the debtor entering bankruptcy or other financial reorganisation becoming probable; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

(4) Presentation of loss allowances in the statement of financial position

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets; and
- debt investments measured at FVOCI: the loss allowance does not reduce the carrying amount of the financial assets (which are measured at fair value) but gives rise to an equal and opposite gain in OCI.

ECL is recognised as "Net impairment loss on financial assets" in the consolidated income statement.

(5) Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Although the Group expects no significant recovery from amounts written off, financial assets that are written off could still be subject to enforcement activities and company activities, that may result in recovery of written off amounts.

2.4.4 Derivative financial instruments

Derivative financial instruments primarily include foreign exchange contracts, interest rate swaps and bond forwards that derive their value mainly from underlying foreign exchange rates, interest rates and bond prices. All derivatives are initially recognised in the consolidated statement of financial position at their fair value, which represents their cost excluding transaction costs which are expensed. They are subsequently remeasured at their fair value, with movements in this value recognised in profit or loss. Fair values are obtained from quoted market prices or, if these are not available, by using valuation techniques such as discounted cash flow models or option pricing models. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

(1) Derivative instruments for economic hedges

Whilst the Group enters into derivative transactions to provide economic hedges under the Group's risk management framework, it adopts hedge accounting to these transactions only in limited circumstances. This is either because the transactions would not meet the specific IFRS rules to be eligible for hedge accounting or the documentation requirements to meet hedge accounting criteria would be unduly onerous. Where hedge accounting does not apply, these transactions are treated as held for trading and fair value movements are recognised immediately in other investment gains/(losses).

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

(2) Derivative instruments for hedge accounting

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

(i) Fair value hedge

Where a derivative financial instrument is designated as a hedge of the fair value of a recognised asset or liability or an unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), changes in the fair value of the derivative are recorded in the consolidated income statements, together with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk.

When a hedging instrument expires or is sold, terminated or exercised, or no longer meets the criteria for hedge accounting; or the Group revokes the designation of the hedge relationship, the cumulative adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the consolidated income statements over the residual period to maturity.

(ii) Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated separately in the hedging reserve under equity. The ineffective portion of any gain or loss is recognised immediately in the consolidated income statements.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item is recognised within OCI in the costs of hedging reserve within equity.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated cumulative gain or loss and the deferred time value of the option contracts or deferred forward points, if any, is removed from equity and recognised in the consolidated income statements in the same period or periods during which the asset acquired or liability assumed affects the consolidated income statements (such as when the interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the consolidated income statements in the same period or periods during which the hedged forecast transaction affects the consolidated income statements.

When a hedging instrument expires or is sold, terminated or exercised, or no longer meets the criteria for hedge accounting, or the Group revokes the designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the associated cumulative gain or loss and deferred costs of hedging at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss and deferred costs of hedging recognised in equity is recognised immediately in the consolidated income statements.

(3) *Embedded derivatives*

Embedded derivatives are derivatives embedded within other non-derivative host financial instruments to create hybrid instruments. When the host contract is a financial asset in the scope of IFRS 9, the hybrid financial instrument as a whole is assessed for classification and the embedded derivative is not separated from the host contract.

A derivative embedded in a host insurance or reinsurance contract is not accounted for separately from the host contract if the embedded derivative itself meets the definition of an insurance or reinsurance contract.

For other contracts, where the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host instrument, and where the hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss, the embedded derivative is bifurcated and carried at fair value as a derivative in accordance with IFRS 9.

2.5 Segment reporting

An operating segment is a component of the Group that engages in business activity from which it earns revenues and incurs expenses and, for which, discrete financial information is available, and whose operating results are regularly reviewed by the Group's chief operating decision-maker for the purposes of allocating resources to, and assessing the performance of, the Group's various geographical locations.

2.6 Foreign currency translation

(1) *Functional and presentation currency*

Items included in the consolidated financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which that entity operates (the "functional currency"). The consolidated financial statements are presented in the United States dollars ("US dollar" or "US\$"), which is the functional currency of the Company, unless otherwise stated.

(2) *Transactions and balances*

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies into functional currency, are recognised in the consolidated income statements. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Groups of insurance and reinsurance contracts that generate cash flows in a foreign currency, including the CSM, are treated as monetary items.

Translation differences on financial assets measured at fair value through profit or loss are included in investment return. For monetary financial assets measured at fair value through other comprehensive income, exchange differences on the amortised cost are recognised in profit or loss and other exchange differences in the carrying amount are recognised in other comprehensive income.

Exchange differences relate to groups of insurance and reinsurance contracts to the extent which changes in the carrying amount of the groups of contracts that are recognised profit or loss, are recognised in profit or loss. Exchange differences relate to groups of insurance and reinsurance contracts to the extent which changes in the carrying amount of the groups of contracts that are recognised in other comprehensive income, are recognised in other comprehensive income.

(3) *Group companies*

Income statements and cash flows of foreign entities are translated into the Group's presentation currency at average exchange rates for the period as this approximates to the exchange rates prevailing at the transaction date. Their statements of financial position are translated at year or period end exchange rates. Exchange differences arising from the translation of the net investment in foreign operations, are taken to the currency translation reserve within equity. On disposal of a foreign operation, such exchange differences are transferred out of this reserve and are recognised in the consolidated income statements as part of the gain or loss on sale.

2.7 Property, plant and equipment and depreciation

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Right-of-use assets in relation to other leased property, plant and equipment are carried at cost less accumulated depreciation. The right-of-use asset in relation to a lease is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Depreciation is calculated using the straight-line method to allocate cost less any residual value over the estimated useful life, generally:

Leasehold improvements	Over the lease terms
Furniture and fixtures and others	3-5 years
Computer equipment	3-5 years

Subsequent costs are included in the carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits will flow to the Group. Repairs and maintenance are charged to the consolidated income statements during the financial period in which they are incurred.

Residual values and useful lives are reviewed and adjusted, if applicable, at each reporting date. An asset is written down to its recoverable amount if the carrying value is greater than the estimated recoverable amount.

Any gain and loss arising on disposal of property, plant and equipment is measured as the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated income statements.

2.8 Investment property

Property held for long-term rental or capital appreciation, or both that is not occupied by the Group is classified as investment property. Investment property, including land and buildings, is initially recognised at cost with changes in fair values in subsequent periods recognised in the consolidated income statements.

If an investment property becomes held for own use, it is reclassified as property, plant and equipment. Where a property is partly used as an investment property and partly for the use by the Group, these elements are recorded separately within investment property and property, plant and equipment, respectively, where the component used as investment property would be capable of separate sale or lease.

2.9 Goodwill and other intangible assets

(1) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill arising on the Group's investment in subsidiaries is shown as a separate asset and is carried at cost less any accumulated impairment losses, whilst that on associates and joint ventures is included within the carrying value of those investments. All acquisition-related costs are expensed as incurred.

(2) Distribution rights

Distribution rights represent contractual relationships for exclusive access to distribution networks, and are amortised over their estimated useful lives.

Costs (including contingent considerations where applicable) associated with acquiring rights to access distribution networks are amortised on the basis of the expected pattern of consumption of the expected future economic benefits embodied in the intangible asset. These amortisation charges are subsequently allocated to groups of insurance contracts if they are directly attributable to insurance acquisition or other fulfilment activities.

(3) Other intangible assets

Other intangible assets consist primarily of computer software, and are amortised over their estimated useful lives.

Purchased computer software licenses are capitalised on the basis of the costs incurred to purchase and bring to use the specific software. Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Costs of purchasing computer software licenses and incurred in the internal production of computer software are amortised using the straight-line method over the estimated useful life of the software, which does not generally exceed a period of 3 to 15 years. Useful lives of computer software licenses are determined based on various factors, including but not limited to the expected usage of the software, typical life cycles, types of obsolescence and period of license (if applicable). The amortisation charge for the period is included in the consolidated income statements under "General expenses".

2.10 Impairment of non-financial assets

Property, plant and equipment, and other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying values of goodwill and intangible assets with indefinite useful lives are reviewed at least annually or when circumstances or events indicate that there may be uncertainty over this value.

For the purposes of assessing impairment, assets are allocated to each of the Group's cash-generating units, or group of cash-generating units, the lowest level for which there are separately identifiable cash flows.

An impairment loss is recognised to the extent that the carrying amount of the asset exceeds its recoverable amount, which is the higher of the fair value of the asset less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group assesses at the end of each reporting period whether there is any objective evidence that its investments in associates and joint ventures are impaired. Such objective evidence includes whether there have been any significant adverse changes in the technological, market, economic or legal environment in which the associates and joint ventures operate or whether there has been a significant or prolonged decline in value below their cost. If there is an indication that an interest in an associate or a joint venture is impaired, the Group assesses whether the entire carrying amount of the investment (including goodwill) is recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount is lower than the higher of the investment's fair value less costs to sell or value in use. Any reversal of such impairment loss in subsequent periods is reversed through profit or loss.

2.11 Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell.

2.12 Collateral

The Group receives and pledges collateral in the form of cash or non-cash assets in respect of derivative transactions and reinsurance arrangements, in order to reduce the credit risk of these transactions. The amount and type of collateral depends on an assessment of the credit risk of the counterparty. Collateral received in the form of cash, which is not legally segregated from the Group, is recognised as an asset in the consolidated statement of financial position with a corresponding liability for the repayment. Non-cash collateral received is not recognised on the consolidated statement of financial position unless the Group sells these assets in the absence of default, at which point the obligation to return this collateral is recognised as a liability. To further minimise credit risk, the financial condition of counterparties is monitored on a regular basis.

Collateral pledged in the form of cash which is legally segregated from the Group is derecognised from the consolidated statement of financial position and a corresponding receivable established for its return. Non-cash collateral pledged is not derecognised (except in the event of default) and therefore continues to be recognised in the consolidated statement of financial position within the appropriate financial instrument classification.

2.13 Borrowings

Borrowings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, borrowings are stated at amortised cost, and any difference between net proceeds and redemption value is recognised in the consolidated income statements over the period of the borrowings using the effective interest method. All borrowing costs are expensed as they are incurred, except for borrowing costs directly attributable to the development of investment properties and other qualifying assets, which are capitalised as part of the cost of the asset.

2.14 Income taxes

Income tax comprises current and deferred tax. The current tax expense is based on the taxable profits for the period, including any adjustments in respect of prior years. Tax is allocated to profit or loss before taxation and amounts charged or credited to equity as appropriate.

Deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, except as described below.

The principal temporary differences arise from the basis of recognition of insurance and investment contract liabilities and revaluation of certain financial assets and liabilities including derivative contracts. The rates enacted or substantively enacted at the date of the consolidated statement of financial position are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. In countries where there is a history of tax losses, deferred tax assets are only recognised in excess of deferred tax liabilities if there is evidence that future profits will be available.

Deferred taxes are not provided in respect of temporary differences arising from the initial recognition of goodwill or from goodwill for which amortisation is not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which is not a business combination and which affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax related to fair value remeasurement of investments measured at fair value through other comprehensive income and other amounts taken directly to equity, is recognised initially within the applicable component of equity. It is subsequently recognised in the consolidated income statements, together with the gain or loss arising on the underlying item.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two model rules income taxes.

In addition to paying tax on shareholders' profits, certain of the Group's life insurance businesses pay tax on policyholders' investment returns (policyholder tax) at policyholder tax rates. Policyholder tax is accounted for as an income tax and is included in the total tax expense and disclosed separately.

2.15 Revenue

(1) Insurance revenue

The Group recognises insurance revenue as it provides services under groups of insurance contracts (see Note 2.3.1 (8)).

(2) Investment return

Investment income consists of dividends, interest and rents receivable for the reporting period. Investment experience comprises realised gains and losses, impairments and unrealised gains and losses on investments held at fair value through profit or loss. Interest income is recognised as it accrues, taking into account the effective yield on the investment. Dividend income is recognised on the date the shares become quoted ex-dividend. Rental income on investment property is recognised on an accrual basis. Investment return consists of investment income and investment experience.

The realised gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost as appropriate. Unrealised gains and losses represent the difference between the carrying value at the period end and the carrying value at the previous year end or purchase price if purchased during the period, less the reversal of previously recognised unrealised gains and losses in respect of disposals made during the period.

(3) Other revenue

Other revenue consist primarily of fund management fees, income from any incidental non-insurance activities and distribution fees from mutual funds.

Income is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. In case of variable consideration contracts, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty is subsequently resolved.

2.16 Employee benefits

(1) Annual leave

The Group provides annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of a reporting period is permitted to be carried forward and utilised by the respective employees in the following year. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(2) Post-retirement benefit obligations

The Group operates a number of funded and unfunded post-retirement employee benefit schemes, whose members receive benefits on either a defined benefit basis (generally related to salary and length of service) or a defined contribution basis (generally related to the amount invested, investment return and annuity rates).

For defined benefit plans, the costs are assessed using the projected unit credit method. Under this method, the cost of providing benefits is charged to the consolidated income statements so as to spread the regular cost over the service lives of employees, in accordance with the advice of qualified actuaries. The obligation is measured as the present value of the estimated future cash outflows, using a discount rate based on market yields for high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related liability. The resulting scheme surplus or deficit appears as an asset or liability in the consolidated statement of financial position.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in "Employee benefits expenses" in the consolidated income statements.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in consolidated income statements when the plan amendment or curtailment occurs.

For defined contribution retirement benefits schemes, the Group pays contributions to independently administered funds. Once the contributions have been paid, the Group, as employer, does not have any further payment obligations. The Group's contributions are charged to the consolidated income statements in the reporting period to which they relate and are included in "Employee benefits expenses". When an employee leaves the scheme prior to his/her interest in the Group's employer contributions becoming fully vested, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

The Group's obligations under defined benefits plans and defined contribution plans are included in "Provisions" of the consolidated statement of financial position.

(3) Long service payments

Certain employees of the Group are eligible for long service payments in the event of the termination of their employment according to certain local Employment Ordinances. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in those Employment Ordinances.

(4) Share-based compensation

The Group launched a share-based compensation plan, under which the Group awards restricted shares units ("RSU") and/or share options of the Group to certain key employees as part of compensation for services provided in achieving shareholder value targets. This share-based compensation plan is known as the FWD Share Option and RSU Plan.

The Group's share-based compensation plan is equity-settled plan. Under equity-settled share-based compensation plan, the fair value of the employee services received in exchange for the award of RSU and/or share options is recognised as an expense in profit or loss over the vesting period with a corresponding amount recorded in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the RSU and/or share options awarded on respective grant date or fixed monetary value. Non-market vesting conditions are included in assumptions about the number of RSU and/or share options that are expected to be vested. At each period end, the Group revises its estimates of the number of RSU and/or share options that are expected to be vested. Any impact of the revision to original estimates is recognised in profit or loss with a corresponding adjustment to equity. Where awards of share-based payment arrangements have graded vesting terms, each tranche is recognised as a separate award, and therefore the fair value of each tranche is recognised over the applicable vesting period.

The Group estimates the fair value of the awards using appraisal value method (Embedded Value plus a multiple of Value of New Business) and market valuation approach, where applicable, for the RSU and Black-Scholes model for the share options.

Where modification or cancellation of an equity-settled share-based compensation plan occurs, the grant date fair value continues to be recognised, together with any incremental value arising on the date of modification if non-market conditions are met.

(5) Termination benefits

Termination benefits are payable and recognised at the earlier of: (a) when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.17 Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract held, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. Provisions comprise of provisions in respect of regulatory matters, litigation, reorganisation and restructuring.

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Contingencies are disclosed if material and if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event, but either a payment is not probable or the amount cannot be reliably estimated.

2.18 Lease

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Assets subject to such leases are included in investment property. Rentals from such leases are credited to the consolidated income statements on a straight-line basis over the period of the relevant lease.

Group as a lessee

The Group leases various premises, car parks, equipment and other small items as a lessee. These leases, except for short-term leases and leases of low-value assets, are recognised as right-of-use assets and lease liabilities at the date at which the leased assets are available for use by the Group. Right-of-use assets are presented as a component of property, plant and equipment while lease liabilities are presented as a component of other liabilities (see Notes 16 and 26). Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The depreciation charge for right-of-use assets, by class of underlying asset, and finance cost on lease liabilities are disclosed in Notes 9 and 10.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate of the respective business unit (as the lessee) within the Group. Furthermore, a maturity analysis of the Group's lease liabilities is disclosed in Note 29.

Right-of-use assets are measured at cost comprising the following:

- the amount of initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

In determining the lease term, management considers all facts and circumstances that create an economic incentive for the lessee to exercise an extension option, or not exercise a termination option. Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated) by the lessee. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise computer hardware and small items of furniture and fixtures that are individually, when new, below US\$5,000.

2.19 Share capital

Ordinary shares, preference shares and convertible preference shares are classified in equity when there is no contractual obligation to transfer cash or other assets or to deliver a variable number of the Group's own equity instruments to the holders.

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of the issue.

Dividends are recognised when they have been approved by shareholders.

2.20 Presentation of the consolidated statement of financial position

The Group's insurance and investment contract liabilities and related assets are realised and settled over periods of several years, reflecting the long-term nature of the Group's products. Accordingly, the Group presents the assets and liabilities in its statements of financial position in approximate order of liquidity, rather than distinguishing current and non-current assets and liabilities. The Group regards its intangible assets, investments in associates and joint ventures, property, plant and equipment and investment property as non-current assets as these are held for the longer-term use of the Group.

2.21 Fiduciary activities

Assets and income arising from fiduciary activities, together with related undertakings to return such assets to customers, are excluded from these consolidated financial statements where the Group does not have contractual rights to the assets and acts in a fiduciary capacity such as nominee, trustee or agent.

2.22 Consolidated statement of cash flow

The consolidated statement of cash flow presents movements in cash and cash equivalents and bank overdrafts as shown in the consolidated statement of financial position.

Purchases and sales of financial investments are included in operating cash flows as the purchases are funded from cash flows associated with the origination of insurance and investment contracts, net of payments of related benefits and claims. Purchases and sales of investment property are included within cash flows from investing activities.

2.23 Related parties

Transactions with related parties are recorded at amounts mutually agreed and transacted between the parties to the arrangement.

2.24 Earnings/loss per share

Basic earnings/loss per share is calculated by dividing net profit/loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period as adjusted for the effect of capitalisation issue or bonus issue. For the calculation of diluted earnings/loss per share, net profit/loss attributable to ordinary shareholders of the Company for basic earnings/loss per share is adjusted by the effect of dilutive securities issued by subsidiaries, to assume conversion of all dilutive potential ordinary shares. Dilutive effects of share-based awards issued by subsidiaries are adjusted under treasury stock method. Potential or contingent share issuances are treated as dilutive when their conversion to shares would decrease basic earnings per share or increase basic loss per share.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and predictions of future events and actions. Actual results can always differ from those estimates, possibly significantly. Key judgments, estimates and assumptions are described below.

3.1 Level of aggregation and recognition of group of insurance contracts

For contracts issued to which the Group does not apply the premium allocation approach, the judgements exercised in determining whether contracts are not onerous on initial recognition would have no significant possibility of becoming onerous subsequently are:

- based on the likelihood of changes in assumptions which, if they occurred, would result in the contracts becoming onerous; and
- using information about profitability estimation for the relevant group of products.

The accounting policy on level of aggregation and recognition of group of insurance contracts is described in Note 2.3.

3.2 Insurance contracts not measured under the premium allocation approach**(1) Measurement**

The asset or liability for groups of insurance contracts is measured as the total of fulfilment cash flows and CSM.

The fulfilment cash flows of insurance contracts (including investment contracts with DPF) represents the present value of estimated future cash outflows, less the present value of estimated future cash inflows and adjusted for a provision for the risk adjustment for non-financial risk. The assumptions used and the techniques for estimating fulfilment cash flows and risk adjustment for non-financial risk are based on actual experience by each geographical market and policy form. The Group exercises significant judgement in making appropriate assumptions and techniques.

CSM represents the unearned profits that the Group will recognise as it provides services under the insurance contracts in a group. The amounts of CSM recognised in profit or loss are determined by identifying the coverage units in the group, allocating the CSM at the end of period equally to each coverage unit provided in the current period and expected to be provided in the future. The number of coverage units in a group is the quantity of the services provided by the contracts in the group, determined by considering for each contract the quantity of the services provided under a contract and its expected coverage period. The Group exercises judgements in determining the quantity of the services provided under a contract which will affect the amounts recognised in the consolidated financial statements as insurance revenue from insurance contracts issued.

The judgements exercised in the valuation of insurance contracts (including investment contracts with DPF) affect the amounts recognised in the consolidated financial statements as assets or liabilities of insurance contracts and investment contracts with DPF. Further details of the related accounting policies in respect of insurance contracts are provided in Note 2.3.

(2) Determination of coverage unit

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage period and time value of money.

The quantity of services provided by insurance contracts could include insurance coverage, investment-return service and investment-related service, as applicable. In assessing the services provided by insurance contracts, the terms and benefit features of the contracts are considered.

For contracts providing predominately insurance coverage, the quantity of services is determined for the contract as a whole based on the expected maximum benefits less investment component. For contracts providing multiple services, the quantity of services is determined based on the benefits provided to policyholder for each service with the relative weighting considered in the calculation through the use of factors. Relevant elements are considered in determining the quantity of service including among others, benefit payments and premiums. The Group applies judgement in these determinations.

Expected coverage period is derived based on the likelihood of an insured event occurring to the extent they affect the expected duration of contracts in the group. Determining the expected coverage period is judgemental since it involves making an expectation of when claims and lapse will occur.

3.3 Fair value of financial assets

The Group determines the fair values of financial assets traded in active markets using quoted bid prices as of each reporting date. The fair values of financial assets that are not traded in active markets are typically determined using a variety of other valuation techniques, such as prices observed in recent transactions and values obtained from current bid prices of comparable investments. More judgement is used in measuring the fair value of financial assets for which market observable prices are not available or are available only infrequently.

The degree of judgement used in measuring the fair value of financial assets generally correlates with the level of pricing observability. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and general market conditions.

Changes in the fair value of financial assets held by the Group's participating funds affect not only the value of financial assets, but are also reflected in corresponding movements in insurance and investment contract liabilities. This is due to an insurance liability being recorded for the proportion of the net assets of the participating funds that would be allocated to policyholders if all relevant surplus at the date of the consolidated statement of financial position were to be declared as a policyholder dividend based on current local regulations. Both of the foregoing changes are reflected in the consolidated income statements.

Changes in the fair value of financial assets held to back the Group's unit-linked contracts result in a corresponding change in insurance and investment contract liabilities. Both of the foregoing changes are also reflected in the consolidated income statements.

Further details of the fair value of financial assets and the sensitivity analysis to interest rates and equity prices are provided in Notes 21 and 29.

3.4 Fair value of investment property

The Group uses independent professional valuers to determine the fair value of investment property on the basis of the highest and best use of the investment property that is physically possible, legally permissible and financially feasible. In most cases, current use of the investment property is considered to be the highest and best use for determining the fair value. The discounted cash flow approach is used by reference to net rental income allowing for reversionary income potential to estimate the fair value of the investment property.

Further details of the fair value of investment property are provided in Notes 17 and 21.

3.5 Impairment of goodwill and other intangible assets

For the purposes of impairment testing, goodwill and other intangible assets are grouped into cash-generating units or groups of cash generating units. These assets are tested for impairment by comparing the carrying amount of the cash-generating unit (group of units), including goodwill, to the recoverable amount of that cash-generating unit (group of units). The determination of the recoverable amount requires significant judgement regarding the selection of appropriate valuation techniques and assumptions. Further details of the impairment of goodwill and other intangible assets during the period are provided in Note 14.

3.6 Share based compensation

The Group launched a share-based compensation plan, under which the Group offers RSU and/or share options of the Group to certain key employees.

(1) RSUs

The Group utilises an appraisal value method (Embedded Value ("EV") plus a multiple of Value of New Business ("VNB")) and market valuation approach, where applicable, to estimate the fair value of the RSUs, taking into account the terms and conditions upon which the awards were granted. The Group determines appraisal value on the following basis:

- For life insurance businesses, the appraisal value equals EV plus a multiplier of VNB for the calendar year at the end of each performance period. The multiplier was agreed with the shareholders for the purpose of assessing the performance conditions.
- For non-life businesses, the appraisal value is calculated as the net asset value plus a multiplier of the net profits for the calendar year at the end of each performance period.
- For non-operating entities, the appraisal value is equal to the net asset value for the calendar year at the end of each performance period.

In assessing the achievement of performance conditions, the Group takes into account all monthly cash flow items during the performance period and the appraisal value and business and strategic performance determined in accordance with the guidelines approved by the Compensation Committee.

The judgments exercised in the determination of appraisal value and the assessment of achievement of performance conditions affect the amounts recognised in the consolidated financial statements as share-based payment expense and share-based payment reserve. Further details of the related accounting policies and movements in outstanding awards are provided in Notes 2.16 and 31.

Under the market valuation approach, the Group estimates the fair value of the RSUs by applying valuation multiples based on market data of comparable listed companies.

Further details of the related accounting policies and movements in outstanding awards are provided in Notes 2.16 and 31.

(2) Share Options

The Group estimates the fair value of share options using the Black-Scholes model taking into account the terms and conditions upon which the awards were granted. The Group determines the fair value of share options by using the following input:

- Dividend yield
- Expected share price volatility
- Risk-free interest rate
- Expected life of the share options
- Appraisal value per share, using the same valuation methodology as is used in the RSU plan

The assessment of achievement of performance conditions of share options is the same as described above for RSUs.

The judgments exercised in the determination of share-option fair value and the assessment of achievement of performance condition affect the amounts recognised in the consolidated financial statements as share-based payment expense and share-based payment reserve. Further details of the related accounting policies and movements in outstanding awards are provided in Notes 2.16 and 31.

3.7 Income taxes

Significant management judgment on the future tax treatment of certain transactions is required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account developments in tax laws. Tax laws evolve over time, and in some cases taxation positions are uncertain because the tax laws are subject to varied interpretation. When this is the case, management seeks to adopt a supportable and prudent tax treatment after consultation with professional tax advisers. However, as judicial and non-judicial interpretations develop, these taxation positions may change in the future.

3.8 Valuation of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits with future tax planning strategies. Further details are contained in Note 11 to the consolidated financial statements.

3.9 Impairment of financial assets

The Group recognises loss allowances for ECL on financial assets measured at amortised cost and debt securities measured at FVOCI. The measurement of ECL uses probability weighted forward-looking models with significant assumptions about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk since initial recognition;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the methodology for incorporating forward-looking information into the measurement of ECL.

When determining whether the credit risk (i.e. risk of default) on a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's experience, credit assessment performed by internal and external experts and forward-looking information. The Group determines a significant increase in credit risk based on various criteria for different categories of assets, including rating notch downgrade, days past due, expert judgement and other qualitative factors.

The Group has assumed that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment-grade", with credit rating equivalent to be Baa3 or above. As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due, unless there are other indications that there is no significant increase in credit risk.

Details are further disclosed in Note 29.

4 EXCHANGE RATES

The Group's principal operations during the reporting years were located within the Asia region. The results and cash flows of these operations have been translated into US Dollars at the following average rates:

	US dollar exchange rate Year ended 31 December		
	2022	2023	2024
Hong Kong	7.83	7.83	7.80
Japan	131.31	140.45	151.45
Thailand	35.04	34.80	35.28

Assets and liabilities have been translated into US Dollars at the following year end rates:

	US dollar exchange rate As at 31 December		
	2022	2023	2024
Hong Kong	7.80	7.81	7.76
Japan	132.14	141.38	156.18
Thailand	34.53	34.24	34.26

Exchange rates are expressed in units of local currency per US\$1.

5 CHANGES IN GROUP COMPOSITION

This note provides details of the major acquisition and disposal of subsidiaries that the Group has made for the years ended 31 December 2022, 2023 and 2024.

5.1 Acquisition

FWD BSN Holdings Sdn. Bhd. (Malaysia) (formerly known as "Gibraltar BSN Holdings Sdn Bhd")

On 3 April 2023, FWD Management Holdings Limited ("FMH"), a wholly owned subsidiary of the Company, with local investors, acquired 70% of share capital in FWD BSN Holdings Sdn. Bhd. (Malaysia), a company established under the laws of Malaysia, which is the holding company of FWD Insurance Berhad (Malaysia) (formerly known as "Gibraltar BSN Life Berhad"), a life insurance company in Malaysia ("GBSN Acquisition") from the Prudential Insurance Company of America (the "Seller"). Total consideration of the GBSN Acquisition was US\$20m.

Negative goodwill arising on the GBSN Acquisition of US\$26m is recognised in “other revenue” in the Group’s consolidated income statement. The amount of this negative goodwill attributable to FMH is US\$5m. The transaction resulted in a bargain purchase gain as the fair value of the assets and liabilities acquired exceeds the sum of the consideration transferred at the date of acquisition.

The Group incurred US\$2m of acquisition-related costs which were recognised as “other expenses” in the Group’s consolidated income statement.

Details of the fair value of the assets and liabilities acquired and the negative goodwill arising from the acquisition are set out as follows:

US\$m	Notes	Fair values as at the date of acquisition
Intangible assets	14	2
Property, plant and equipment	16	4
Investment property	17	1
Reinsurance contract assets	18	3
Financial investments	19, 21	
At fair value through other comprehensive income debt securities		283
At fair value through profit or loss		
Equity Securities		127
		410
Other assets	22	11
Cash and cash equivalents	23	39
Insurance contract liabilities	18	(385)
Deferred tax liabilities	11	(6)
Other liabilities	26	(13)
Net identifiable assets acquired		66
Non-controlling interest measured with proportionate share approach		(20)
Negative goodwill arising on acquisition attributable to non-controlling interests		(21)
Negative goodwill arising on acquisition attributable to FMH		(5)
Negative goodwill arising on acquisition		(26)
Total considerations from non-controlling interests		16
Total considerations from FMH		4
Total considerations		20
Less:		
Cash and cash equivalents held in acquired subsidiaries		(39)
Net change in cash and cash equivalents		(19)

Concurrently, the Group received US\$27m from the Seller for development of certain IT infrastructures and enhancement of operational efficiency. Accordingly, the net cash consideration received was US\$7m.

Impact of acquisition on the results of the Group

The acquiree contributed insignificant insurance revenue and loss before tax to the Group for the period from the acquisition date to 31 December 2023. If the GBSN Acquisition had occurred on 1 January 2023, pro-forma insurance revenue and loss before tax contributed by the acquiree for the year ended 31 December 2023 would be insignificant. This financial information is prepared in accordance with the accounting policies of acquiree.

5.2 Disposal group classified as held for sale***FWD Assurance VietNam Company Limited***

On 18 June 2021, the Group entered into a framework agreement, pursuant to which the Group agreed to sell 100% of the share capital of FWD Assurance VietNam Company Limited to third parties, subject to the terms set out in the agreement and execution of a share purchase agreement. On 13 October 2021, the share purchase agreement was executed, and the disposal was subject to regulatory approvals.

The required regulatory approvals were obtained and the sale was completed on 21 March 2022 for a total consideration of US\$40m. The gain on disposal of US\$2m is recognised in the Group's consolidated income statement.

An analysis of the net inflow of cash and cash equivalents in respect of the disposal is as follows:

US\$m	As at 21 March 2022
Cash consideration	40
Cash and cash equivalents disposed of	(2)
	<hr/>
Net cash inflows in respect of the disposal	38
	<hr/>

6 SEGMENT INFORMATION

The Group's operating segments, based on the reports received by the Group's Executive Committee, are the geographical markets in which the Group operates.

Each of the reportable segments, other than the "Corporate and Others" segment, writes life insurance business, providing life insurance, accident and health insurance and savings plans to customers in its local market, and distributes related investment and other financial service products. Certain businesses also write general insurance business ("Non-core business"). The reportable segments are Hong Kong (including Macau), Thailand (including Cambodia), Japan, Emerging Markets and Corporate and Others. Emerging Markets includes the Group's insurance operations in Indonesia, Malaysia, the Philippines, Singapore and Vietnam. The activities of the Corporate and Others segment consist of the Group's corporate functions, shared services and eliminations of intragroup transactions.

The acquired subsidiaries and their respective operations in 2023 are FWD BSN Holdings Sdn. Bhd. (Malaysia) and its subsidiary which is included in Emerging Markets.

As each reportable segment other than the Corporate and Others segment focuses on serving the life insurance needs of its local market, there are limited transactions between reportable segments. The key performance indicators reported in respect of each segment are:

- Total weighted premium income attributable to Equity Holders of the Company¹ ("TWPI") (Note 6.4);

Note:

- 1 Equity Holders of the Company represented i) shareholders of the Company, holders of perpetual securities and non-controlling interests holders of FL and FGL before the Exchange of Share Capital of FL and FGL, ii) shareholders of the Company and holders of perpetual securities of the Company after the Exchange of Share Capital of FL and FGL and Novation of Perpetual Securities. For details, please refer to Note 1.2.2, Note 27.3 and Note 27.5.

- Investment return (Note 6.1);
- Operating expenses (Note 6.1);
- Operating profit after tax attributable to Equity Holders of the Company¹ (Note 6.2); and
- Expense ratio, measured as operating expenses attributable to Equity Holders of the Company¹ divided by TWPI (Note 6.1);

The segment information has been prepared by (i) consolidating the carrying amounts of assets, liabilities, equities, income and expenses of the Group and (ii) eliminating the inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group. A reconciliation of operating profit after tax to profit/(loss) after tax has been included in Notes 6.2 and 6.3.

The shareholders' allocated segment equity represents the segment assets less segment liabilities in respect of each reportable segment less perpetual securities, fair value reserve, insurance finance reserve and non-controlling interests of the Company¹.

In presenting net capital in/(out) flows to reportable segments, capital outflows consist of dividends and profit distributions to the Corporate and Others segment and capital inflows consist of capital injections into reportable segments by the Corporate and Others segment. Emerging Markets' capital inflows also include capital allocation for corporate functions. For the Group, net capital in/(out) flows reflect the amount received from shareholders by way of capital contributions.

6.1 Segment results

US\$m	Hong Kong	Thailand	Japan	Emerging Markets	Corporate and Others	Total
Year ended 31 December 2022						
TWPI²	1,664	2,166	1,757	708	–	6,295
Insurance revenue	840	572	682	282	–	2,376
Insurance service expenses	(637)	(398)	(424)	(237)	–	(1,696)
Net income/(expenses) from reinsurance contracts	(50)	(7)	(89)	1	–	(145)
Insurance service result	153	167	169	46	–	535
Investment return	658	305	172	(57)	(4)	1,074
Net finance income/(expenses) from insurance and reinsurance contract and movement of investment contract benefits	(630)	(227)	(53)	82	–	(828)
Net insurance and investment result	181	245	288	71	(4)	781
Other revenue	11	1	3	21	(1)	35
General and other expenses	(65)	(78)	(53)	(102)	(116)	(414)
Borrowings and other finance costs	(9)	(3)	(2)	(5)	–	(19)
Operating profit/(loss) before share of profit from associates and joint ventures	118	165	236	(15)	(121)	383

US\$m	Hong Kong	Thailand	Japan	Emerging Markets	Corporate and Others	Total
Share of profit/(loss) from associates and joint ventures	—	—	—	18	(8)	10
Operating profit/(loss) before tax¹	118	165	236	3	(129)	393
Tax on operating profit/(loss) before tax	(9)	(38)	(40)	(7)	—	(94)
Operating profit/(loss) after tax¹	109	127	196	(4)	(129)	299
Key operating ratio						
Expense ratio ²	13.3%	9.5%	9.9%	31.1%	—	14.9%
Operating profit/(loss) before tax includes:						
Operating expenses	(221)	(206)	(174)	(220)	(116)	(937)

Notes:

1 Excludes results of the Non-core business, comprising of US\$(2)m operating loss before tax.

2 Represents the amount attributable to the Equity Holders of the Company.

Segment information below represents the adjusted financial position of the Group and is reconciled to the consolidated statement of financial position in Note 6.3:

US\$m	Hong Kong	Thailand	Japan	Emerging Markets	Corporate and Others	Total
31 December 2022						
Total assets	19,912	17,260	8,839	3,555	1,024	50,590
Total liabilities	(16,794)	(13,854)	(7,290)	(1,791)	(2,372)	(42,101)
Total equity	3,118	3,406	1,549	1,764	(1,348)	8,489
Shareholders' allocated equity	3,473	3,884	1,168	1,773	(2,702)	7,596
Net capital inflows	1	11	—	252	136	400
Total assets include:						
Investment in associates and a joint venture	8	—	—	364	35	407

Segment information is reconciled to consolidated income statement, as shown below:

US\$m	Segment information	Short-term fluctuations in investment return related to equities and property investments and other non- operating investment return	Other non- operating items	Total	
Year ended 31 December 2022					
Insurance service result	535	–	(90)	445	Insurance service result
Investment return	1,074	(1,090)	(1)	(17)	Investment return
Net finance income/(expenses) from insurance and reinsurance contract and movement of investment contract benefits	(828)	893	–	65	Net finance income/ (expenses) from insurance and reinsurance contract and movement of investment contract benefits
Net insurance and investment result	781	(197)	(91)	493	Net insurance and investment result
Other revenue	35	–	3	38	Other revenue
General and other expenses	(414)	–	(275)	(689)	General and other expenses
Borrowings and other finance costs	(19)	–	(109)	(128)	Borrowings and other finance costs
Operating profit/(loss) before share of profit from associates and joint ventures	383	(197)	(472)	(286)	Profit/(loss) before share of profit from associates and joint ventures
Share of profit/(loss) from associates and joint ventures	10	–	(8)	2	Share of profit/(loss) from associates and joint ventures
Operating profit/(loss) before tax	393	(197)	(480)	(284)	Loss before tax

US\$m	Hong Kong	Thailand	Japan	Emerging Markets	Corporate and Others	Total
Year ended 31 December 2023						
TWPI²	1,708	2,390	1,579	739	–	6,416
Insurance revenue	998	644	619	327	–	2,588
Insurance service expenses	(723)	(471)	(440)	(282)	–	(1,916)
Net income/(expenses) from reinsurance contracts	(12)	(5)	(69)	(2)	–	(88)
Insurance service result	263	168	110	43	–	584
Investment return	938	440	175	153	18	1,724
Net finance income/(expenses) from insurance and reinsurance contract and movement of investment contract benefits	(912)	(351)	(37)	(116)	–	(1,416)
Net insurance and investment result	289	257	248	80	18	892
Other revenue	8	1	3	21	(2)	31
General and other expenses	(39)	(64)	(45)	(69)	(172)	(389)
Borrowings and other finance costs	(17)	–	(3)	(7)	–	(27)
Operating profit/(loss) before share of profit from associates and joint ventures	241	194	203	25	(156)	507
Share of profit/(loss) from associates and joint ventures	1	–	–	9	(5)	5
Operating profit/(loss) before tax¹	242	194	203	34	(161)	512
Tax on operating profit/(loss) before tax	(32)	(43)	(39)	(17)	(9)	(140)
Operating profit/(loss) after tax¹	210	151	164	17	(170)	372
Key operating ratio						
Expense ratio ²	13.7%	9.2%	10.9%	31.2%	–	16.0%
Operating profit/(loss) before tax includes:						
Operating expenses	(234)	(220)	(172)	(242)	(171)	(1,039)

Notes:

1 Excludes results of the Non-core business, comprising of US\$17m operating loss before tax.

2 Represents the amount attributable to the Equity Holders of the Company.

Segment information below represents the financial position of the Group:

US\$m	Hong Kong	Thailand	Japan	Emerging Markets	Corporate and Others	Total
31 December 2023						
Total assets	20,599	18,150	8,690	4,481	754	52,674
Total liabilities	(17,439)	(15,060)	(7,370)	(2,603)	(2,570)	(45,042)
Total equity	3,160	3,090	1,320	1,878	(1,816)	7,632
Shareholders' allocated equity	3,323	3,767	850	1,830	(3,161)	6,609
Net capital in/(out) flows	(204)	(71)	(73)	228	120	–
Total assets include: Investment in associates and a joint venture	6	–	–	378	(1)	383

Segment information is reconciled to the consolidated income statement, as shown below:

US\$m	Segment information	Short-term fluctuations in investment return related to equities and property investments and other non-operating investment return	Other non-operating items	Total	
Year ended 31 December 2023					
Insurance service result	584	–	95	679	Insurance service result
Investment return	1,724	(1,364)	(1)	359	Investment return
Net finance income/(expenses) from insurance and reinsurance contract and movement of investment contract benefits	(1,416)	426	(1)	(991)	Net finance income/(expenses) from insurance and reinsurance contract and movement of investment contract benefits
Net insurance and investment result	892	(938)	93	47	Net insurance and investment result

US\$m	Segment information	Short-term fluctuations in investment return related to equities and property investments and other non-operating investment return	Other non-operating items	Total	
Other revenue	31	–	33	64	Other revenue
General and other expenses	(389)	–	(342)	(731)	General and other expenses
Borrowings and other finance costs	(27)	–	(147)	(174)	Borrowings and other finance costs
Operating profit before share of profit from associates and joint ventures	507	(938)	(363)	(794)	Loss before share of profit from associates and joint ventures
Share of profit from associates and joint ventures	5	–	(25)	(20)	Share of loss from associates and joint ventures
Operating profit before tax	512	(938)	(388)	(814)	Loss before tax

US\$m	Hong Kong	Thailand	Japan	Emerging Markets	Corporate and Others	Total
Year ended 31 December 2024						
TWPI²	2,106	2,468	1,249	809	–	6,632
Insurance revenue	973	760	583	350	–	2,666
Insurance service expenses	(711)	(590)	(406)	(350)	–	(2,057)
Net income/(expenses) from reinsurance contracts	(15)	5	(24)	(1)	–	(35)
Insurance service result	247	175	153	(1)	–	574
Investment return	1,067	454	135	198	35	1,889
Net finance income/(expenses) from insurance and reinsurance contract and movement of investment contract benefits	(1,007)	(401)	7	(169)	–	(1,570)
Net insurance and investment result	307	228	295	28	35	893
Other revenue	7	–	1	27	–	35
General and other expenses	(45)	(38)	(54)	(59)	(152)	(348)
Borrowings and other finance costs	(8)	–	(1)	(12)	(1)	(22)

US\$m	Hong Kong	Thailand	Japan	Emerging Markets	Corporate and Others	Total
Operating profit/(loss) before share of profit from associates and joint ventures	261	190	241	(16)	(118)	558
Share of profit/(loss) from associates and joint ventures	–	–	–	33	–	33
Operating profit/(loss) before tax¹	261	190	241	17	(118)	591
Tax on operating profit/(loss) before tax	(43)	(42)	(48)	4	(10)	(139)
Operating profit/(loss) after tax¹	218	148	193	21	(128)	452
Key operating ratio						
Expense ratio ²	12.5%	8.1%	14.1%	27.6%	–	15.3%
Operating profit/(loss) before tax includes:						
Operating expenses	(264)	(201)	(176)	(258)	(152)	(1,051)

Notes:

1 Excludes results of the Non-core business, comprising of US\$1m operating gain before tax.

2 Represents the amount attributable to the Equity Holders of the Company.

Segment information below represents the financial position of the Group:

US\$m	Hong Kong	Thailand	Japan	Emerging Markets	Corporate and Others	Total
31 December 2024						
Total assets	22,016	18,906	7,347	5,137	306	53,712
Total liabilities	(19,076)	(15,590)	(6,102)	(3,205)	(2,925)	(46,898)
Total equity	2,940	3,316	1,245	1,932	(2,619)	6,814
Shareholders' allocated equity	3,119	3,836	831	1,875	(3,357)	6,304
Net capital in/(out) flows	(400)	(95)	(128)	123	474	(26)
Total assets include:						
Investment in associates and a joint venture	1	–	–	437	–	438

Segment information is reconciled to the consolidated income statement, as shown below:

US\$m	Segment information	Short-term fluctuations in investment return related to equities and property investments and other non- operating investment return	Other non- operating items	Total	
Year ended 31 December 2024					
Insurance service result	574	–	96	670	Insurance service result
Investment return	1,889	(627)	–	1,262	Investment return
Net finance expenses from insurance and reinsurance contract and movement of investment contract benefits	(1,570)	549	–	(1,021)	Net finance expenses from insurance and reinsurance contract and movement of investment contract benefits
Net insurance and investment result	893	(78)	96	911	Net insurance and investment result
Other revenue	35	–	1	36	Other revenue
General and other expenses	(348)	–	(202)	(550)	General and other expenses
Borrowings and other finance costs	(22)	–	(227)	(249)	Borrowings and other finance costs
Operating profit/(loss) before share of profit from associates and joint ventures	558	(78)	(332)	148	Profit/(loss) before share of profit from associates and joint ventures
Share of profit/(loss) from associates and joint ventures	33	–	3	36	Share of profit/(loss) from associates and joint ventures
Operating profit/(loss) before tax	591	(78)	(329)	184	Profit before tax

6.2 Operating profit

The long-term nature of the Group's operations means that, for management's decision-making and internal performance management purposes, the Group evaluates its results and its operating segments using a financial performance measure referred to as "operating profit". Operating profit is provided to assist in the comparison of business trends in different reporting periods on a consistent basis and to enhance overall understanding of financial performance.

Operating profit includes among others the expected long-term investment returns for investments in equities, interests in investment funds and investment property based on the assumptions applied by the Group in the calculations of Embedded Value. The Group defines operating profit as net profit/(loss) of the Group adjusted to exclude the following items:

Market related

- Short-term fluctuations in investment return related to equities, interests in investment funds and investment property;
- Loss component on onerous contracts measured under VFA, relating to market movements; and
- Any other items which, in the Directors' view, should be disclosed separately to enable a full understanding of the Group's financial performance.

Non-market related

- Finance costs related to borrowings and long-term payables;
- M&A, business set up and restructuring related costs;
- IPO related costs including incentive costs;
- Implementation costs for IFRS 9 and 17 and Group-wide Supervision;
- Any other items which, in the Directors' view, should be disclosed separately to enable a full understanding of the Group's financial performance.

The Group considers that the presentation of operating profit enhances the understanding and comparability of its performance and that of its operating segments on an ongoing basis. The Group considers that trends can be more clearly identified without the significant impact of the one-off costs of integration activities and the costs of servicing debt used to finance acquisition activities and the fluctuating effects of other non-operating items which are largely dependent on market factors.

Net profit/(loss) is reconciled to the operating profit/(loss) after tax as follows:

US\$m	Notes	Year ended 31 December		
		2022	2023	2024
Net profit/(loss)		(320)	(717)	10
Tax on operating profit before tax		94	140	139
Tax impact from non-operating items		(58)	(237)	35
Profit/(loss) before tax		(284)	(814)	184
Non-operating items, net of related changes in insurance and investment contract liabilities:				
Market related:				
Short-term fluctuations in investment return related to equities, interests in investment funds and investment property		187	198	38
Loss component on onerous contracts		99	39	(89)
Other non-operating investment return		10	740	40
		296	977	(11)
Non-market related:				
Finance costs related to borrowings and long-term payables		109	147	227
M&A, business set up and restructuring related costs		88	71	71
IPO related costs including incentive costs		73	63	11
Implementation costs for IFRS 9 and 17 and Group-wide supervision		79	65	36
Other non-operating items		32	3	73
		381	349	418
Operating profit before tax		393	512	591
Tax on operating profit before tax		(94)	(140)	(139)
Operating profit after tax	6.1	299	372	452
<i>Operating profit after tax attributable to:</i>				
Equity Holders of the Company¹		299	378	463
Non-controlling interests		–	(6)	(11)

Note:

- 1 Equity Holders of the Company represented i) shareholders of the Company, holders of perpetual securities and non-controlling interests holders of FL and FGL before the Exchange of Share Capital of FL and FGL, ii) shareholders of the Company and holders of perpetual securities of the Company after the Exchange of Share Capital of FL and FGL and Novation of Perpetual Securities. For details, please refer to Note 1.2.2, Note 27.3 and Note 27.5.

6.3 Adjusted attribution of net profit/(loss) and total equity

The Exchange of Share Capital of FL and FGL and Novation of Perpetual Securities resulted in a change in the attribution of net profit/(loss) and total equity between the Equity Holders of the Company and non-controlling interests. To provide financial information on a comparable basis between the reporting periods for management's decision-making and internal performance management purposes, net profit/(loss) and total equity attributable to Equity Holders of the Company are adjusted on the basis that the Exchange of Share Capital of FL and FGL and Novation of Perpetual Securities had occurred for all of the reporting periods presented. For details, please refer to Note 1.2.2, Note 27.3 and Note 27.5.

Net profit/(loss)

US\$m	Year ended 31 December		
	2022	2023	2024
Net profit/(loss) attributable to:			
Shareholders of the Company and perpetual securities holders	(219)	(716)	24
Shareholders of the Company	(302)	(826)	(78)
Perpetual securities	83	110	102
Non-controlling interests	(101)	(1)	(14)
Net profit/(loss)	(320)	(717)	10
Add: Net profit/(loss) attributable to Equity Holders of the Company	(101)	(17)	–
Less: Non-controlling interests	101	17	–
Adjusted attribution of net profit/(loss)			
Equity Holders of the Company	(320)	(733)	24
Adjusted non-controlling interests	–	16	(14)
Net profit/(loss)	(320)	(717)	10

Total equity

US\$m	As at 31 December		
	2022	2023	2024
Total equity of the Group attributable to:			
Shareholders of the Company and perpetual securities holders	6,771	7,582	6,753
Shareholders of the Company	5,417	6,234	6,012
Perpetual securities	1,354	1,348	741
Non-controlling interests	1,718	50	61
Total equity	8,489	7,632	6,814

US\$m	As at 31 December		
	2022	2023	2024
Add: Share capital and share premium	1,717	–	–
Less: Non-controlling interests	(1,717)	–	–
Adjusted attribution of total equity of the Group			
Equity Holders of the Company	8,488	7,582	6,753
Shareholders of the Company	7,134	6,234	6,012
Perpetual securities	1,354	1,348	741
Adjusted non-controlling interests	1	50	61
Total equity	8,489	7,632	6,814

Comprehensive tangible equity

Comprehensive tangible equity is defined as total equity of the Group attributable to shareholders of the Company plus contractual service margin (net of tax), minus intangible assets.

US\$m	As at 31 December		
	2022	2023	2024
Total equity of the Group attributable to shareholders of the Company	7,134	6,234	6,012
Contractual service margin (net of tax) ¹	4,404	4,092	4,235
Comprehensive equity	11,538	10,326	10,247
Intangible assets ²	(3,207)	(3,154)	(3,085)
Comprehensive tangible equity	8,331	7,172	7,162

Notes:

- 1 After allowing for reinsurance and taxes and net of non-controlling interests.
- 2 Net of non-controlling interests

6.4 Total Weighted Premium Income

For management decision-making and internal performance management purposes, the Group measures business volumes during the period using a performance measure referred to as TWPI. TWPI is presented based on the Group's effective ownership interest in the Insurance Business.

TWPI consists of 100 per cent of renewal premiums, 100 per cent of first year premiums and 10 per cent of single premiums, before reinsurance ceded, and includes deposits and contributions for contracts that are accounted for as deposits in accordance with the Group's accounting policies. TWPI represents the amount attributable to the Equity Holders of the Company.

Management considers that TWPI provides an indicative volume measure of transactions undertaken in the reporting period that have the potential to generate profits for shareholders. The amounts shown are not intended to be indicative of premiums and fee income recorded in the consolidated income statements.

US\$m	Year ended 31 December		
	2022	2023	2024
TWPI by geography			
Hong Kong	1,664	1,708	2,106
Thailand	2,166	2,390	2,468
Japan	1,757	1,579	1,249
Emerging Markets	708	739	809
Total	6,295	6,416	6,632
First year premiums by geography			
Hong Kong	167	388	623
Thailand	434	569	553
Japan	157	124	111
Emerging Markets	291	245	254
Total	1,049	1,326	1,541
Single premiums by geography			
Hong Kong	1,404	1,214	1,843
Thailand	245	215	153
Japan	—	—	—
Emerging Markets	267	377	653
Total	1,916	1,806	2,649
Renewal premiums by geography			
Hong Kong	1,356	1,199	1,299
Thailand	1,708	1,799	1,900
Japan	1,600	1,455	1,138
Emerging Markets	390	456	489
Total	5,054	4,909	4,826

7 INSURANCE REVENUE AND OTHER REVENUE

US\$m	Year ended 31 December		
	2022	2023	2024
Contracts not measured under the PAA			
Amounts relating to changes in liabilities for remaining coverage:			
CSM recognised for services provided	675	784	608
Change in risk adjustment for non-financial risk for risk expired	56	64	71
Expected incurred claims and other insurance service expenses	976	1,013	1,023
Recovery of insurance acquisition cash flows	545	722	774
	2,252	2,583	2,476
Contracts measured under the PAA	156	173	248
Total insurance revenue	2,408	2,756	2,724
Represented by:			
Contracts measured under the modified retrospective approach	102	266	90
Contracts measured under the fair value approach	1,276	1,077	909
Other contracts	1,030	1,413	1,725
	2,408	2,756	2,724

Other revenue

Other revenue largely consists of asset management fee and administrative fee income.

8 NET INVESTMENT RESULT

Analysis of investment result in profit or loss and other comprehensive income:

US\$m	Notes	Year ended 31 December		
		2022	2023	2024
Investment return:				
Interest revenue	B	1,011	1,159	1,185
Other investment gains/(losses)	C	(999)	(791)	93
Net impairment loss on financial assets		(29)	(9)	(16)
Amounts recognised in OCI		(4,902)	1,382	456
Total investment return		(4,919)	1,741	1,718
Net finance income/(expenses) from insurance contracts:				
Changes in fair value of underlying items of direct participating contracts		3,108	(1,224)	(508)
Interest accreted		(205)	(353)	(392)
Effect of changes in interest rates and other financial assumptions		2,037	(719)	(122)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition		(7)	–	(41)
Net foreign exchange gain/(loss)		(13)	7	(35)
Total net finance income/(expenses) from insurance contracts	A	4,920	(2,289)	(1,098)
Net finance income/(expenses) from reinsurance contracts held:				
Interest accreted		3	(9)	(35)
Effect of changes in interest rates and other financial assumptions		(26)	13	(213)
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition		(2)	18	(12)
Others		(30)	(3)	(2)
Total net finance income/(expenses) from reinsurance contracts held	A	(55)	19	(262)
Movement in investment contract liabilities		2	4	(1)
Net investment result		(52)	(525)	357
Represented by:				
Amounts recognised in profit or loss		48	(632)	241
Amounts recognised in OCI		(100)	107	116
		(52)	(525)	357

A. Insurance finance income and expenses

US\$m	Year ended 31 December		
	2022	2023	2024
Net finance income/(expenses) from insurance contracts			
Recognised in profit or loss	86	(996)	(1,051)
Recognised in OCI	4,834	(1,293)	(47)
	<u>4,920</u>	<u>(2,289)</u>	<u>(1,098)</u>
Net finance income/(expenses) from reinsurance contracts			
Recognised in profit or loss	(23)	1	31
Recognised in OCI	(32)	18	(293)
	<u>(55)</u>	<u>19</u>	<u>(262)</u>

B. Interest revenue

US\$m	Year ended 31 December		
	2022	2023	2024
Interest revenue calculated using the effective interest method			
Debt securities measured at FVOCI	892	958	986
Financial investments measured at amortised cost	59	90	102
	<u>951</u>	<u>1,048</u>	<u>1,088</u>
Other interest revenue			
Financial investments measured at FVTPL	60	111	97
	<u>1,011</u>	<u>1,159</u>	<u>1,185</u>

C. Other investment gains/(losses)

US\$m	Year ended 31 December		
	2022	2023	2024
Financial investments mandatorily measured at FVTPL:			
Net fair value gains/(losses) on			
Debt securities	(99)	6	35
Derivatives	(327)	(493)	(372)
Equity securities	(161)	(89)	25
Interests in investment funds	(928)	43	400
Dividend income	189	234	249
Net foreign exchange gain	76	83	124
	<u>(1,250)</u>	<u>(216)</u>	<u>461</u>

US\$m	Year ended 31 December		
	2022	2023	2024
Net losses on derecognition of debt investments measured at FVOCI	(174)	(882)	(437)
Net foreign exchange gain on instruments not measured at FVTPL	394	280	44
Lease income from investment property	25	25	23
Net fair value movement of investment property	(3)	(2)	(5)
Other investment income	9	4	7
Total	(999)	(791)	93

D. Investment return in OCI related to insurance and reinsurance contracts measured under the modified retrospective or fair value transition approach

On transition to IFRS 17, for certain groups of insurance and reinsurance contracts, the Group determined the cumulative insurance finance income and expenses recognised in OCI at 1 January 2022 using the modified retrospective approach or the fair value approach. The movement in the fair value reserve for the debt investments measured at FVOCI related to those groups of contracts was as follows.

US\$m	Notes	Year ended 31 December		
		2022	2023	2024
Fair value reserve				
Balance at beginning of the year		(92)	(2,447)	(2,861)
Change in fair value, net of fair value change transferred to income on disposal and impairment		(2,931)	471	268
Related income tax		561	(78)	(32)
Sharing to non-controlling interests		15	7	–
Exchange of Share Capital of FL and FGL	1.2	–	(814)	–
Balance at ending of the year		(2,447)	(2,861)	(2,625)

9 EXPENSES

US\$m	Year ended 31 December		
	2022	2023	2024
Claims and benefits	861	867	895
Loss on onerous insurance contracts	118	93	32
Commission and other acquisition expenses	1,280	1,498	1,697
Employee benefits expenses	605	630	605
Depreciation	63	61	59
Amortisation	32	44	46
Marketing and advertising	51	69	52
Professional service fees	189	193	154
Information technology expenses	147	173	152
Investment management expenses	69	59	60
Others ¹	128	222	195
	<u>3,543</u>	<u>3,909</u>	<u>3,947</u>
Amounts attributed to insurance acquisition cash flows	(1,605)	(1,937)	(2,192)
Amortisation of insurance acquisition cash flows	<u>568</u>	<u>748</u>	<u>807</u>
Total	<u>2,506</u>	<u>2,720</u>	<u>2,562</u>
Represented by:			
Insurance service expenses	1,817	1,989	2,012
General and other expenses – operating	414	389	348
General and other expenses – non-operating	<u>275</u>	<u>342</u>	<u>202</u>
	<u>2,506</u>	<u>2,720</u>	<u>2,562</u>

Note:

- 1 Includes travel and entertainment, bank charges, office related expenses, other general operating expenses and impairment of intangible assets.

General and other expenses includes auditor's remunerations of:

US\$m	Year ended 31 December		
	2022	2023	2024
Audit services	12	12	9
Non-audit services	<u>2</u>	<u>1</u>	<u>1</u>
Total	<u>14</u>	<u>13</u>	<u>10</u>

Depreciation consists of:

US\$m	Year ended 31 December		
	2022	2023	2024
Leasehold improvements, furniture and fixtures, computer equipment and others	18	15	15
<i>Right-of-use assets:</i>			
Premises and car park	40	42	41
Equipment and Others	5	4	3
Total	63	61	59

Employee benefits expenses consist of:

US\$m	Year ended 31 December		
	2022	2023	2024
Wages and salaries	516	519	512
Share-based compensation	26	23	19
Pension costs	22	27	31
Other employee benefits expenses	41	61	43
Total	605	630	605

10 BORROWINGS AND OTHER FINANCE COSTS

Borrowings and other finance costs may be analysed as follows:

US\$m	Year ended 31 December		
	2022	2023	2024
Borrowings	103	145	225
Lease liabilities	4	5	5
Others	21	24	19
Total	128	174	249

11 INCOME TAX

(1) Tax benefit/(expense)

Taxes on assessable profits have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates. The total tax benefit/(expense) comprises:

US\$m	Year ended 31 December		
	2022	2023	2024
Current income tax	(393)	(144)	(226)
Deferred income tax	357	241	52
Total	(36)	97	(174)

The table below reflects the principal rates of corporate income tax as at the end of each year. The rates reflect enacted or substantively enacted corporate tax rates throughout the year in each jurisdiction.

	Year ended 31 December		
	2022	2023	2024
Hong Kong	16.5%	16.5%	16.5%
Thailand	20%	20%	20%
Japan	28%	28%	28%
Others	12%-25%	12%-25%	12%-25%

In 2023, Bermuda has introduced and enacted a corporate income tax rate of 15 per cent that will become effective from 1 January 2025.

The Organisation for Economic Co-operation and Development ("OECD") is currently working on a project to address the tax challenges arising from the digitalisation of the economy. The project's second pillar involves the implementation of a global corporate minimum tax rate of 15% applicable to large multinational enterprises. The OECD has released model rules and other documents for this second pillar (the "Pillar Two model rules"). The Group operates in certain jurisdictions which have enacted or substantively enacted their versions of Pillar Two model rules, including Indonesia, Japan, Malaysia, Singapore, Thailand and Vietnam. Hong Kong has enacted the Pillar Two model rules on 6 June 2025. These rules have been or are expected to be effective and apply to the Group from 1 January 2025, except for Vietnam, where they became effective and applied to the Group from 1 January 2024, and Japan, where they became effective and applied to the Group from 1 April 2024. The Group has no current tax exposure related to Pillar Two model rules in Vietnam for the year ended 31 December 2024.

The implementation of the Pillar Two model rules may have an adverse impact on tax expenses of the Group starting from 1 January 2025. The Group will continue to monitor the Pillar Two model rules requirements and assess the accounting implications accordingly.

The reconciliation of the relationship between income tax benefit/(expense) and profit/(loss) before tax was as follows:

US\$m	Year ended 31 December		
	2022	2023	2024
Income tax reconciliation			
Profit/(loss) before tax	(284)	(814)	184
Tax benefit/(expense) calculated at domestic tax rates applicable to profits in the respective jurisdictions	37	209	(48)
Income not taxable or taxable at concessionary rates	22	55	50
Expense not deductible for tax purposes	(36)	(57)	(62)
Adjustment on deferred tax assets on tax losses and temporary differences	(25)	(35)	(50)
Adjustments to tax expenses related to prior years	4	3	(5)
Others	(38)	(78)	(59)
Total income tax benefit/(expense)	(36)	97	(174)

(2) Deferred tax

The movement in net deferred tax assets/(liabilities) in the year may be analysed as set out below:

US\$m	Net deferred tax asset/(liability) at 1 January	Acquisition of subsidiaries	Credited/(charged) to income statement	Credited/(charged) to other comprehensive income	Foreign exchange movements	Net deferred tax asset/(liability) at 31 December
31 December 2022						
Financial instruments	(292)	–	96	846	(24)	626
Insurance, reinsurance and investment contracts	(50)	–	284	(917)	24	(659)
Unused tax losses	33	–	(24)	–	–	9
Others	(16)	–	1	–	8	(7)
Total	(325)	–	357	(71)	8	(31)

US\$m	Net deferred tax asset/(liability) at 1 January	Acquisition of subsidiaries	Credited/(charged) to income statement	Credited/(charged) to other comprehensive income	Foreign exchange movements	Net deferred tax asset/(liability) at 31 December
31 December 2023						
Financial instruments	626	(1)	54	(244)	(11)	424
Insurance, reinsurance and investment contracts	(659)	(5)	167	206	28	(263)
Unused tax losses	9	–	10	–	–	19
Others	(7)	–	10	–	2	5
Total	(31)	(6)	241	(38)	19	185

US\$m	Net deferred tax asset/(liability) at 1 January	Acquisition of subsidiaries	Credited/(charged) to income statement	Credited/(charged) to other comprehensive income	Foreign exchange movements	Net deferred tax asset/(liability) at 31 December
31 December 2024						
Financial instruments	424	–	(38)	(304)	(10)	72
Insurance, reinsurance and investment contracts	(263)	–	108	61	22	(72)
Unused tax losses	19	–	1	–	–	20
Others	5	–	(19)	–	(2)	(16)
Total	185	–	52	(243)	10	4

Deferred tax assets are recognised to the extent that sufficient future taxable profits will be available for realisation. The Group has not recognised deferred tax assets on unused tax losses of US\$801m, US\$851m and US\$968m as at 31 December 2022, 2023 and 2024, as it is not considered probable that sufficient taxable profits will be available against which these tax losses can be further utilised in the foreseeable future. As at 31 December 2022, 2023 and 2024, US\$415m, US\$438m and US\$540m of these unused tax losses will expire within the next ten years, and the remainder of US\$386m, US\$413m and US\$428m has no expiry date.

In some jurisdictions where the Group operates, earnings remitted by the subsidiaries, associates and joint ventures to the Group are subject to withholding tax. The Group has not provided deferred tax liabilities on certain unremitted earnings of US\$151m, US\$122m and US\$130m for the years ended 31 December 2022, 2023 and 2024 of these jurisdictions as the Group does not consider it is probable that this portion of unremitted earnings will be remitted in the foreseeable future.

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two model rules income taxes.

12 LOSS PER SHARE

No earnings per share information is presented as the information, for the purpose of these Consolidated Financial Statements, is not considered meaningful due to the Reorganisation as disclosed in Note 1.2 above.

13 DIVIDENDS

No dividend has been paid or declared by the Company since 1 January 2022.

14 INTANGIBLE ASSETS

US\$m	Goodwill	Distribution rights	Computer software and others	Total
Cost				
At 1 January 2022	1,596	1,731	242	3,569
Additions	–	–	50	50
Disposals	–	(11)	(1)	(12)
Foreign exchange movements	(33)	(68)	(18)	(119)
At 31 December 2022	1,563	1,652	273	3,488
Acquisition of subsidiaries	–	–	2	2
Additions	–	63	57	120
Disposals	–	(2)	–	(2)
Foreign exchange movements	6	(1)	(8)	(3)
At 31 December 2023	1,569	1,712	324	3,605
Additions	–	25	62	87
Disposals	–	–	(8)	(8)
Foreign exchange movements	(7)	(28)	(11)	(46)
At 31 December 2024	1,562	1,709	367	3,638
Accumulated amortisation and impairment				
At 1 January 2022	(36)	(71)	(114)	(221)
Amortisation charge for the year	–	(44)	(32)	(76)
Disposals	–	3	–	3
Foreign exchange movements	2	3	8	13
At 31 December 2022	(34)	(109)	(138)	(281)
Amortisation charge for the year	–	(42)	(44)	(86)
Disposals	–	1	–	1
Impairment	–	(86)	–	(86)
Foreign exchange movements	–	(3)	4	1

US\$m	Goodwill	Distribution rights	Computer software and others	Total
At 31 December 2023	(34)	(239)	(178)	(451)
Amortisation charge for the year	–	(37)	(46)	(83)
Disposals	–	–	6	6
Impairment	(21)	–	(17)	(38)
Foreign exchange movements	–	6	7	13
At 31 December 2024	(55)	(270)	(228)	(553)
Net book value				
At 31 December 2022	1,529	1,543	135	3,207
At 31 December 2023	1,535	1,473	146	3,154
At 31 December 2024	1,507	1,439	139	3,085

Goodwill

Goodwill arises in respect of the Group's insurance business and is allocated to each segment as follows:

US\$m	As at 31 December		
	2022	2023	2024
Hong Kong	915	915	915
Thailand	465	470	469
Japan	3	3	3
Emerging markets ¹	146	147	120
	1,529	1,535	1,507

Note:

- Includes goodwill of US\$136m and US\$10m from the operations in Indonesia and Vietnam as at 31 December 2022, respectively; US\$137m and US\$10m from the operations in Indonesia and Vietnam as at 31 December 2023, respectively; and US\$110m and US\$10m from the operations in Indonesia and Vietnam as at 31 December 2024, respectively.

Impairment tests for goodwill

Goodwill is tested for impairment by comparing the carrying amount of the cash generating unit ("CGU"), including goodwill, to the recoverable amount of that CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the goodwill allocated to that CGU shall be regarded as not impaired. The recoverable amount is the value in use of the CGU unless otherwise stated.

The value in use is calculated as an actuarially determined appraisal value, based on (i) the Embedded Value ("EV") with respect to the in-force business together with (ii) the value of future new business.

EV captures the market value of the assets in excess of those backing the policy reserves and other liabilities as well as the value of all in-force policies as at the reporting date attributable to the shareholders of the Company.

The value of future new business is the aggregation of the present value of future expected profits on policies expected to be sold in the future (i.e. value of new business ("VNB")). This is calculated based on a combination of indicators which include, among others, taking into account recent production mix, business strategy, market trends and risk associated with the future new business projects.

The key assumptions used in the embedded value calculations include risk discount rate, investment returns, mortality, morbidity, persistency, expenses and inflation. The present value of expected future new business is calculated based on a combination of indicators which include, among others, taking into account recent production mix, business strategy, market trends and risk associated with the future new business projections. The Group projected new sales over the next 15 years to estimate the VNB, using growth rates in the current five-year financial budgets which reflect management's best estimate of future profit based on historical experience and operating assumptions such as premium and expenses, and 2% to 5% thereafter. The Group may apply alternative method to estimate the value of future new business if the described method is not appropriate under the circumstances.

During the year ended 31 December 2024, impairment loss of US\$21m was recognised in "General and other expenses" for the goodwill of Emerging Market – Indonesia.

The risk discount rates that are used in calculating the value in use of in force business and present value of expected future new business are as follows:

	As at 31 December		
	2022	2023	2024
Hong Kong	7.55%	7.80%	8.20%
Thailand	8.75%	8.75%	8.25%
Japan	6.00%	6.25%	6.75%
Indonesia	14.00%	13.75%	13.00%
Vietnam	10.75%	10.75%	10.65%

With regard to the assessment of value in use, management does not believe a reasonably possible change in any of the key assumptions would cause the carrying value of the CGU to exceed its recoverable amount.

Distribution rights

Distribution rights represent exclusive bancassurance and distribution agreements in Thailand, Indonesia, Vietnam and the Philippines.

On 28 April 2023, the Group entered into an amendment to the existing distribution agreement with Siam Commercial Bank Public Company Limited ("SCB"), pursuant to which the existing exclusive distribution right in Thailand will be further extended for two years and the Group agreed to pay SCB a fee of US\$58m.

During the year ended 31 December 2023, Commonwealth Bank of Australia has announced a potential transaction for the sale of its subsidiary, PT Bank Commonwealth ("PTBC"), an existing long-term life insurance distribution partner of the Group, with the expected completion in 2024. The Group expected its existing exclusive distribution rights with PTBC would be discontinued upon completion of the transaction. Accordingly, the Group recognised an impairment in "General and other expenses" of the consolidated income statement and reported under "Emerging Markets".

In May 2024, Commonwealth Bank of Australia completed the sale of PTBC to PT Bank OCBC NISP Tbk. Accordingly, the Group's existing exclusive distribution rights with PTBC were converted into non-exclusive rights in accordance with the terms of the contractual arrangements agreed with PT Bank OCBC NISP Tbk and PTBC.

On 11 December 2024, the Group entered into an amendment to the existing distribution agreement with Security Bank Corporation, pursuant to which the existing exclusive distribution right in the Philippines will be extended to no later than 31 December 2043. The regulatory approvals were obtained in 2025 and the Group will pay Security Bank Corporation a fee of US\$43m.

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

US\$m	As at 31 December		
	2022	2023	2024
Investments in associates	400	377	438
Investments in joint ventures	7	6	–
Total	407	383	438

The Group's interests in its key associates are as follows:

Entity	Place of incorporation	Principal activity	Type of investments	Type of shares held	Group's interest %		
					As at 31 December 2022	As at 31 December 2023	As at 31 December 2024
PT Asuransi BRI Life ("BRI Life")	Indonesia	Life insurance	Associate	Ordinary	35.14%	39.82%	43.96%
CompareAsia Group Capital Limited	Cayman Islands	Operation of online platforms and provision of insurance brokerage and marketing services	Associate	Ordinary	29.82%	N/A	N/A

All associates and joint ventures are unlisted.

On 2 March 2022, the Group acquired an additional interest of 5.28% in BRI Life at a consideration of US\$54m, and resulted in a total of 35.14% effective ownership interest in BRI Life. On 2 March 2023, the Group acquired an additional interest of 4.68% in BRI Life at a consideration of US\$51m, and resulted in a total of 39.82% effective ownership interest in BRI Life. On 1 March 2024, the Group acquired an additional interest of 4.14% in BRI Life at a consideration of US\$49m, which resulted in the Group holding a total of 43.96% effective ownership in BRI Life.

Dividends received from BRI Life during the years ended 31 December 2022, 2023 and 2024 were US\$1m, US\$nil and US\$2m, respectively.

On 14 October 2022 and 23 December 2022, CompareAsia Group Capital Limited ("CompareAsia") completed a series of capital restructuring transactions, as a result of which the Group has a total of 29.82% effective ownership interest in CompareAsia. On 12 October 2023, upon completion of the business combination with a listed special purpose acquisition company ("de-SPAC"), CompareAsia became a wholly owned subsidiary of MoneyHero Limited ("MoneyHero"), the public company after de-SPAC. Immediately after de-SPAC, the Group has no significant influence over CompareAsia but retained interests in MoneyHero, and accordingly, the Group's investment ceased to be an associate and the interests in MoneyHero are accounted for as financial investments at FVTPL. A disposal gain of US\$4m was recognised in the consolidated income statement, being the difference between the fair value of financial investment in MoneyHero and the carrying amount of investment in CompareAsia on the disposal date.

Dividends received from One George Street LLP ("OGS"), a joint venture of the Group, during the years ended 31 December 2022, 2023 and 2024 were US\$5m, US\$nil and US\$2m, respectively. In addition, the Group received capital distribution of US\$1m, US\$2m and US\$3m from OGS during the years ended 31 December 2022, 2023 and 2024, respectively.

Summarised financial information of associates that is material to the Group

(a) Financial information of BRI Life

Summarised statements of financial position of BRI Life:

US\$m	As at 31 December		
	2022	2023	2024
Assets	1,587	1,557	1,701
Liabilities	(967)	(932)	(989)
Net assets	620	625	712
The Group's share in net assets (31 December 2022: 35.14%; 31 December 2023: 39.82%; 31 December 2024: 43.96%)			
	216	249	313
Goodwill	123	112	109
Group's carrying amount of investment in BRI Life	339	361	422

Summarised income statements and other comprehensive income of BRI Life:

US\$m	Year ended 31 December		
	2022	2023	2024
Revenue	52	22	113
Expenses	(22)	(15)	(31)
Profit for the year	30	7	82
Other comprehensive income/(loss) for the year	(3)	(53)	(38)
Total comprehensive income/(loss) of BRI Life for the year	27	(46)	44
Group's share of total comprehensive income/(loss) of BRI Life for the year	10	(18)	19
Group's share of other comprehensive income/(loss) related to foreign currency translation of goodwill	–	(11)	(6)
	10	(29)	13

Reconciliation of the summarised financial information of BRI Life:

US\$m	As at 31 December		
	2022	2023	2024
Net assets			
At beginning of the year	541	620	625
Total comprehensive income/(loss) for the year	27	(46)	44
Capital injection	54	51	49
Dividends	(2)	–	(6)
At ending of the year	620	625	712

(b) Aggregated financial information of the associates and joint ventures that are not individually material

The following table analyses, in aggregate, the share of profit/(loss) and other comprehensive income/(loss) of the associates and joint ventures that are not individually material.

US\$m	Year ended 31 December		
	2022	2023	2024
Net profit/(loss)	(9)	(23)	–
Other comprehensive income/(loss)	1	(1)	–
Total comprehensive income/(loss)	(8)	(24)	–

16 PROPERTY, PLANT AND EQUIPMENT

US\$m	Property, plant and equipment			Right-of-use assets			Total
	Leasehold improvements	Furniture and fixtures and others	Computer equipment	Property held for own use	Premises and car parks	Equipment and others	
Cost							
At 1 January 2022	69	10	79	1	190	26	375
Remeasurement of lease liability	–	–	–	–	3	–	3
Additions	3	1	6	–	25	9	44
Disposals	(8)	(1)	(2)	–	(19)	(14)	(44)
Reclassifications	(2)	2	–	–	–	–	–
Foreign exchange movements	(3)	–	(3)	–	(6)	–	(12)
At 31 December 2022	59	12	80	1	193	21	366
Acquisition of subsidiaries	–	–	–	–	4	–	4
Additions	6	1	6	–	57	7	77
Disposals	(5)	(1)	(4)	–	(43)	(8)	(61)
Foreign exchange movements	(1)	–	(1)	–	(4)	–	(6)

US\$m	Property, plant and equipment				Right-of-use assets		
	Leasehold improvements	Furniture and fixtures and others	Computer equipment	Property held for own use	Premises and car parks	Equipment and others	Total
At 31 December 2023	59	12	81	1	207	20	380
Additions	18	3	5	–	38	–	64
Disposals	(9)	(2)	(6)	–	(20)	–	(37)
Foreign exchange movements	1	–	(3)	(1)	(3)	(2)	(8)
At 31 December 2024	69	13	77	–	222	18	399
Accumulated depreciation							
At 1 January 2022	(54)	(7)	(60)	–	(76)	(19)	(216)
Additions	–	–	–	–	2	–	2
Disposals	8	1	2	–	18	13	42
Depreciation charge for the year	(5)	(2)	(11)	–	(40)	(5)	(63)
Reclassifications	1	(1)	–	–	–	–	–
Foreign exchange movements	2	–	3	–	3	–	8
At 31 December 2022	(48)	(9)	(66)	–	(93)	(11)	(227)
Disposals	4	1	4	–	34	8	51
Depreciation charge for the year	(5)	(2)	(8)	–	(42)	(4)	(61)
Foreign exchange movements	–	–	2	–	1	–	3
At 31 December 2023	(49)	(10)	(68)	–	(100)	(7)	(234)
Disposals	9	2	6	–	12	–	29
Depreciation charge for the year	(8)	(1)	(6)	–	(41)	(3)	(59)
Foreign exchange movements	–	–	1	–	3	–	4
At 31 December 2024	(48)	(9)	(67)	–	(126)	(10)	(260)
Net book value							
At 31 December 2022	11	3	14	1	100	10	139
At 31 December 2023	10	2	13	1	107	13	146
At 31 December 2024	21	4	10	–	96	8	139

The Group obtains right to use various office premises, residential units, car parks, office equipment, IT-related and other assets for a period of time through lease arrangements. Lease arrangements are negotiated on an individual basis and contain a wide range of different terms and conditions including lease payments and lease terms ranging from 1 to 13 years. Right-of-use assets are carried at cost less accumulated depreciation.

17 INVESTMENT PROPERTY

US\$m

Fair value

At 1 January 2022	663
Additions	64
Fair value gains/(losses)	(3)
Foreign exchange movements	(83)

At 31 December 2022	641
Acquisition of subsidiaries	1
Fair value gains/(losses)	(2)
Foreign exchange movements	(41)

At 31 December 2023	599
Disposals	(76)
Fair value gains/(losses)	(5)
Foreign exchange movements	(52)

At 31 December 2024	466
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The Group acquired commercial investment properties, residential property, hotel building and parcels of land in Japan and a commercial investment property and parcel of land in Malaysia.

Investment properties are carried at fair value at the reporting date as determined by independent professional valuers. Details of valuation techniques and process are disclosed in Note 21.

The Group leases out its investment properties under operating lease contracts with terms varying from 1 to 30 years. Rental income generated from investment properties amounted to US\$25m, US\$25m and US\$23m for the years ended 31 December 2022, 2023 and 2024, respectively. Direct operating expenses, including repair and maintenance, amounted to US\$5m, US\$6m and US\$5m for the years ended 31 December 2022, 2023 and 2024, respectively.

The future minimum operating lease rental income under non-cancellable operating leases that the Group expects to receive in future periods are disclosed in Note 34.

18 INSURANCE AND REINSURANCE CONTRACT BALANCES

Insurance contracts

US\$m	As at 31 December		
	2022	2023	2024
Insurance contract assets	722	798	683
Insurance contract liabilities	(37,019)	(40,073)	(41,646)
Total	(36,297)	(39,275)	(40,963)

Reinsurance contracts held

US\$m	As at 31 December		2024
	2022	2023	
Reinsurance contract assets	725	2,876	2,696
Reinsurance contract liabilities	(463)	(304)	(366)
Total	262	2,572	2,330

The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be recovered/(settled) more than 12 months after the reporting date.

US\$m	As at 31 December		2024
	2022	2023	
Insurance contract assets	1,748	2,895	1,400
Insurance contract liabilities	(28,252)	(32,334)	(32,580)
Reinsurance contract assets	(911)	2,274	2,227
Reinsurance contract liabilities	201	(278)	(394)

At 31 December 2022, 2023 and 2024, the maximum exposure to credit risk from reinsurance contracts is US\$725m, US\$2,876m and US\$2,696m. The credit risk arising from insurance contracts is not considered to be significant.

Insurance and reinsurance contracts

(a) Movement in insurance and reinsurance contract balances

The Group presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss and OCI.

A second reconciliation is presented for contracts not measured under the PAA, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

(i) (a) *Insurance contracts not measured under the premium allocation approach*

Analysis by remaining coverage and incurred claims

US\$m	Note	Year ended 31 December 2022			Total
		Liabilities for remaining coverage	Loss component	Liabilities for incurred claims	
Opening assets		717	(4)	28	741
Opening liabilities		(41,293)	(69)	(646)	(42,008)
Net opening balance		(40,576)	(73)	(618)	(41,267)
Changes in the statement of profit or loss and OCI					
<i>Insurance revenue</i>	7				
Contracts under the modified retrospective approach		102	–	–	102
Contracts under the fair value approach		1,276	–	–	1,276
Other contracts		874	–	–	874
		2,252	–	–	2,252
<i>Insurance service expenses</i>					
Incurred claims and other insurance service expenses		–	17	(1,008)	(991)
Amortisation of insurance acquisition cash flows		(545)	–	–	(545)
Losses and reversals of losses on onerous contracts		–	(117)	–	(117)
Adjustments to liabilities for incurred claims		–	–	(22)	(22)
		(545)	(100)	(1,030)	(1,675)
Investment components		3,287	–	(3,287)	–
Insurance service result		4,994	(100)	(4,317)	577
Net finance income/(expenses) from insurance contracts	8	4,910	(3)	13	4,920
Foreign exchange movement		1,579	(14)	140	1,705
Total changes in the statement of profit or loss and OCI		11,483	(117)	(4,164)	7,202
Cash flows					
Premium received		(7,649)	–	–	(7,649)
Claims and other insurance service expenses paid; including investment components		–	–	4,123	4,123
Insurance acquisition cash flows		1,341	–	–	1,341
Total cash flows		(6,308)	–	4,123	(2,185)
Net closing balance		(35,401)	(190)	(659)	(36,250)
Closing assets		785	(5)	(58)	722
Closing liabilities		(36,186)	(185)	(601)	(36,972)
Net closing balance		(35,401)	(190)	(659)	(36,250)

Year ended 31 December 2023					
US\$m	Note	Liabilities for remaining coverage		Liabilities for incurred claims	Total
		Excluding loss component	Loss component		
Opening assets		785	(5)	(58)	722
Opening liabilities		(36,186)	(185)	(601)	(36,972)
Net opening balance		(35,401)	(190)	(659)	(36,250)
Changes in the statement of profit or loss and OCI					
<i>Insurance revenue</i>	7				
Contracts under the modified retrospective approach		266	–	–	266
Contracts under the fair value approach		1,077	–	–	1,077
Other contracts		1,240	–	–	1,240
		2,583	–	–	2,583
<i>Insurance service expenses</i>					
Incurred claims and other insurance service expenses		–	49	(982)	(933)
Amortisation of insurance acquisition cash flows		(722)	–	–	(722)
Losses and reversals of losses on onerous contracts		–	(93)	–	(93)
Adjustments to liabilities for incurred claims		–	–	(52)	(52)
		(722)	(44)	(1,034)	(1,800)
Investment components		4,228	–	(4,228)	–
Insurance service result		6,089	(44)	(5,262)	783
Net finance expenses from insurance contracts	8	(2,232)	(15)	(42)	(2,289)
Foreign exchange movement		292	–	29	321
Total changes in the statement of profit or loss and OCI		4,149	(59)	(5,275)	(1,185)
Cash flows					
Premium received		(8,691)	–	–	(8,691)
Claims and other insurance service expenses paid; including investment components		–	–	5,077	5,077
Insurance acquisition cash flows		1,872	–	–	1,872
Total cash flows		(6,819)	–	5,077	(1,742)
Net closing balance		(38,071)	(249)	(857)	(39,177)
Closing assets		838	(25)	(26)	787
Closing liabilities		(38,909)	(224)	(831)	(39,964)
Net closing balance		(38,071)	(249)	(857)	(39,177)

Year ended 31 December 2024					
US\$m	Note	Liabilities for remaining coverage		Liabilities for incurred claims	Total
		Excluding loss component	Loss component		
Opening assets		838	(25)	(26)	787
Opening liabilities		(38,909)	(224)	(831)	(39,964)
Net opening balance		(38,071)	(249)	(857)	(39,177)
Changes in the statement of profit or loss and OCI					
Insurance revenue	7				
Contracts under the modified retrospective approach		90	–	–	90
Contracts under the fair value approach		909	–	–	909
Other contracts		1,477	–	–	1,477
		2,476	–	–	2,476
Insurance service expenses					
Incurred claims and other insurance service expenses		–	68	(1,055)	(987)
Amortisation of insurance acquisition cash flows		(774)	–	–	(774)
Losses and reversals of losses on onerous contracts		–	(31)	–	(31)
Adjustments to liabilities for incurred claims		–	–	11	11
		(774)	37	(1,044)	(1,781)
Investment components		4,333	–	(4,333)	–
Insurance service result		6,035	37	(5,377)	695
Net finance expenses from insurance contracts	8	(1,095)	(3)	–	(1,098)
Foreign exchange movement		629	2	(13)	618
Total changes in the statement of profit or loss and OCI		5,569	36	(5,390)	215
Cash flows					
Premium received		(9,017)	–	–	(9,017)
Claims and other insurance service expenses paid; including investment components		–	–	4,991	4,991
Insurance acquisition cash flows		2,095	–	–	2,095
Total cash flows		(6,922)	–	4,991	(1,931)
Net closing balance		(39,424)	(213)	(1,256)	(40,893)
Closing assets		762	(24)	(69)	669
Closing liabilities		(40,186)	(189)	(1,187)	(41,562)
Net closing balance		(39,424)	(213)	(1,256)	(40,893)

Analysis by measurement component

US\$m	Note	Year ended 31 December 2022					Subtotal	Total
		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other contracts		
Opening assets		1,726	(92)	–	(472)	(421)	(893)	741
Opening liabilities		(36,391)	(609)	(323)	(3,806)	(879)	(5,008)	(42,008)
Net opening balance		(34,665)	(701)	(323)	(4,278)	(1,300)	(5,901)	(41,267)
Changes in the statement of profit or loss and OCI								
Changes that relate to current services								
CSM recognised for services received	7	–	–	35	381	259	675	675
Change in risk adjustment for non-financial risk for risk expired		–	56	–	–	–	–	56
Experience adjustments		(15)	–	–	–	–	–	(15)
Changes that relate to future services								
Contracts initially recognised in the year		1,747	(114)	–	–	(1,656)	(1,656)	(23)
Changes in estimates that adjust the CSM		(355)	67	24	320	(56)	288	–
Changes in estimates that result in losses and reversals of losses on onerous contracts		(94)	–	–	–	–	–	(94)
Changes that relate to past services								
Adjustments to liabilities for incurred claims		(22)	–	–	–	–	–	(22)
Insurance service result		1,261	9	59	701	(1,453)	(693)	577
Net finance income/(expenses) from insurance contracts	8	4,945	–	(5)	(8)	(12)	(25)	4,920
Effect of movements in exchange rates		1,387	43	15	300	(40)	275	1,705
Total changes in the statement of profit or loss and OCI		7,593	52	69	993	(1,505)	(443)	7,202
Cash flows								
Premium received		(7,649)	–	–	–	–	–	(7,649)
Claims and other insurance service expenses paid; including investment components		4,123	–	–	–	–	–	4,123
Insurance acquisition cash flows		1,341	–	–	–	–	–	1,341
Total cash flows		(2,185)	–	–	–	–	–	(2,185)
Net closing balance		(29,257)	(649)	(254)	(3,285)	(2,805)	(6,344)	(36,250)
Closing assets		1,876	(87)	–	(243)	(824)	(1,067)	722
Closing liabilities		(31,133)	(562)	(254)	(3,042)	(1,981)	(5,277)	(36,972)
Net closing balance		(29,257)	(649)	(254)	(3,285)	(2,805)	(6,344)	(36,250)

US\$m	Note	Year ended 31 December 2023					Subtotal	Total
		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other contracts		
Opening assets		1,876	(87)	–	(243)	(824)	(1,067)	722
Opening liabilities		(31,133)	(562)	(254)	(3,042)	(1,981)	(5,277)	(36,972)
Net opening balance		(29,257)	(649)	(254)	(3,285)	(2,805)	(6,344)	(36,250)
Changes in the statement of profit or loss and OCI								
Changes that relate to current services								
CSM recognised for services received	7	–	–	152	267	365	784	784
Change in risk adjustment for non-financial risk for risk expired		–	64	–	–	–	–	64
Experience adjustments		80	–	–	–	–	–	80
Changes that relate to future services								
Contracts initially recognised in the year		1,688	(121)	–	–	(1,586)	(1,586)	(19)
Changes in estimates that adjust the CSM		(1,720)	(1)	(93)	816	998	1,721	–
Changes in estimates that result in losses and reversals of losses on onerous contracts		(75)	1	–	–	–	–	(74)
Changes that relate to past services								
Adjustments to liabilities for incurred claims		(52)	–	–	–	–	–	(52)
Insurance service result		(79)	(57)	59	1,083	(223)	919	783
Net finance income/(expenses) from insurance contracts	8	(2,231)	–	(5)	(17)	(36)	(58)	(2,289)
Effect of movements in exchange rates		69	19	1	159	73	233	321
Total changes in the statement of profit or loss and OCI		(2,241)	(38)	55	1,225	(186)	1,094	(1,185)
Cash flows								
Premium received		(8,691)	–	–	–	–	–	(8,691)
Claims and other insurance service expenses paid; including investment components		5,077	–	–	–	–	–	5,077
Insurance acquisition cash flows		1,872	–	–	–	–	–	1,872
Total cash flows		(1,742)	–	–	–	–	–	(1,742)
Net closing balance		(33,240)	(687)	(199)	(2,060)	(2,991)	(5,250)	(39,177)
Closing assets		1,888	(109)	–	(162)	(830)	(992)	787
Closing liabilities		(35,128)	(578)	(199)	(1,898)	(2,161)	(4,258)	(39,964)
Net closing balance		(33,240)	(687)	(199)	(2,060)	(2,991)	(5,250)	(39,177)

		Year ended 31 December 2024					CSM	
US\$m	Note	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other contracts	Subtotal	Total
Opening assets		1,888	(109)	–	(162)	(830)	(992)	787
Opening liabilities		(35,128)	(578)	(199)	(1,898)	(2,161)	(4,258)	(39,964)
Net opening balance		(33,240)	(687)	(199)	(2,060)	(2,991)	(5,250)	(39,177)
Changes in the statement of profit or loss and OCI								
Changes that relate to current services								
CSM recognised for services received	7	–	–	22	180	406	608	608
Change in risk adjustment for non-financial risk for risk expired		–	71	–	–	–	–	71
Experience adjustments		36	–	–	–	–	–	36
Changes that relate to future services								
Contracts initially recognised in the year		1,424	(98)	–	–	(1,344)	(1,344)	(18)
Changes in estimates that adjust the CSM		(619)	29	22	269	299	590	–
Changes in estimates that result in losses and reversals of losses on onerous contracts		(15)	2	–	–	–	–	(13)
Changes that relate to past services								
Adjustments to liabilities for incurred claims		11	–	–	–	–	–	11
Insurance service result		837	4	44	449	(639)	(146)	695
Net finance income/(expenses) from insurance contracts	8	(1,035)	(1)	(4)	(7)	(51)	(62)	(1,098)
Effect of movements in exchange rates		412	28	3	74	101	178	618
Total changes in the statement of profit or loss and OCI		214	31	43	516	(589)	(30)	215
Cash flows								
Premium received		(9,017)	–	–	–	–	–	(9,017)
Claims and other insurance service expenses paid; including investment components		4,991	–	–	–	–	–	4,991
Insurance acquisition cash flows		2,095	–	–	–	–	–	2,095
Total cash flows		(1,931)	–	–	–	–	–	(1,931)
Net closing balance		(34,957)	(656)	(156)	(1,544)	(3,580)	(5,280)	(40,893)
Closing assets		1,678	(96)	–	(147)	(766)	(913)	669
Closing liabilities		(36,635)	(560)	(156)	(1,397)	(2,814)	(4,367)	(41,562)
Net closing balance		(34,957)	(656)	(156)	(1,544)	(3,580)	(5,280)	(40,893)

(i) (b) Insurance contracts measured under the premium allocation approach

Analysis by remaining coverage and incurred claims

		Year ended 31 December 2022				
		Liabilities for remaining coverage		Liabilities for incurred claims		
US\$m	Note	Excluding loss component	Loss component	Estimates of PV of FCF	Risk Adjustment	Total
Opening assets		–	–	–	–	–
Opening liabilities		(27)	(2)	(23)	(1)	(53)
Net opening balance		(27)	(2)	(23)	(1)	(53)
Changes in the statement of profit or loss and OCI						
<i>Insurance revenue</i>	7					
Other contracts		156	–	–	–	156
<i>Insurance service expenses</i>						
Incurred claims and other insurance service expenses		–	–	(119)	–	(119)
Amortisation of insurance acquisition cash flows		(23)	–	–	–	(23)
Losses and reversals of losses on onerous contracts		–	(2)	–	–	(2)
Adjustments to liabilities for incurred claims		–	–	2	–	2
		(23)	(2)	(117)	–	(142)
Insurance service result		133	(2)	(117)	–	14
Foreign exchange movement		(3)	–	4	–	1
Total changes in the statement of profit or loss and OCI		130	(2)	(113)	–	15
Cash flows						
Premium received		(124)	–	–	–	(124)
Claims and other insurance service expenses paid; including investment components		–	–	98	–	98
Insurance acquisition cash flows		17	–	–	–	17
Total cash flows		(107)	–	98	–	(9)
Net closing balance		(4)	(4)	(38)	(1)	(47)
Closing assets		–	–	–	–	–
Closing liabilities		(4)	(4)	(38)	(1)	(47)
Net closing balance		(4)	(4)	(38)	(1)	(47)

		Year ended 31 December 2023				
US\$m	Note	Liabilities for remaining coverage		Liabilities for incurred claims		Total
		Excluding loss component	Loss component	Estimates of PV of FCF	Risk Adjustment	
Opening assets		–	–	–	–	–
Opening liabilities		(4)	(4)	(38)	(1)	(47)
Net opening balance		(4)	(4)	(38)	(1)	(47)
Changes in the statement of profit or loss and OCI						
<i>Insurance revenue</i>	7					
Other contracts		173	–	–	–	173
<i>Insurance service expenses</i>						
Incurred claims and other insurance service expenses		–	–	(166)	–	(166)
Amortisation of insurance acquisition cash flows		(26)	–	–	–	(26)
Adjustments to liabilities for incurred claims		–	–	4	(1)	3
		(26)	–	(162)	(1)	(189)
Insurance service result		147	–	(162)	(1)	(16)
Foreign exchange movement		2	–	–	–	2
Total changes in the statement of profit or loss and OCI		149	–	(162)	(1)	(14)
Cash flows						
Premium received		(224)	–	–	–	(224)
Claims and other insurance service expenses paid; including investment components		–	–	161	–	161
Insurance acquisition cash flows		26	–	–	–	26
Total cash flows		(198)	–	161	–	(37)
Net closing balance		(53)	(4)	(39)	(2)	(98)
Closing assets		–	–	11	–	11
Closing liabilities		(53)	(4)	(50)	(2)	(109)
Net closing balance		(53)	(4)	(39)	(2)	(98)

		Year ended 31 December 2024				
		Liabilities for remaining coverage		Liabilities for incurred claims		
US\$m	Note	Excluding loss component	Loss component	Estimates of PV of FCF	Risk Adjustment	Total
Opening assets		–	–	11	–	11
Opening liabilities		(53)	(4)	(50)	(2)	(109)
Net opening balance		(53)	(4)	(39)	(2)	(98)
Changes in the statement of profit or loss and OCI						
<i>Insurance revenue</i>	7					
Other contracts		248	–	–	–	248
<i>Insurance service expenses</i>						
Incurred claims and other insurance service expenses		–	–	(199)	(1)	(200)
Amortisation of insurance acquisition cash flows		(33)	–	–	–	(33)
Losses and reversals of losses on onerous contracts		–	1	–	–	1
Adjustments to liabilities for incurred claims		–	–	–	1	1
		(33)	1	(199)	–	(231)
Insurance service result		215	1	(199)	–	17
Foreign exchange movement		–	–	1	–	1
Total changes in the statement of profit or loss and OCI		215	1	(198)	–	18
Cash flows						
Premium received		(222)	–	–	–	(222)
Claims and other insurance service expenses paid; including investment components		–	–	197	–	197
Insurance acquisition cash flows		35	–	–	–	35
Total cash flows		(187)	–	197	–	10
Net closing balance		(25)	(3)	(40)	(2)	(70)
Closing assets		(1)	–	15	–	14
Closing liabilities		(24)	(3)	(55)	(2)	(84)
Net closing balance		(25)	(3)	(40)	(2)	(70)

(ii) (a) *Reinsurance contracts held not measured under the premium allocation approach*

Analysis by remaining coverage and incurred claims

US\$m	Year ended 31 December 2022			Total
	Assets for remaining coverage Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	
Opening assets	933	2	85	1,020
Opening liabilities	(587)	–	116	(471)
Net opening balance	346	2	201	549
Changes in the statement of profit or loss and OCI				
<i>Allocation of reinsurance premium paid</i>	(381)	–	–	(381)
<i>Amounts recoverable from reinsurers</i>				
Recoveries of incurred claims and other insurance service expenses	–	–	233	233
Recoveries and reversals of recoveries of losses on onerous underlying contracts	–	3	–	3
Adjustments to assets for incurred claims	–	–	1	1
	–	3	234	237
Investment components and premium refunds	(481)	–	481	–
Net expenses from reinsurance contracts	(862)	3	715	(144)
Effect of changes in non- performance risk of reinsurers	(4)	–	–	(4)
Net finance income from reinsurance contracts	(50)	–	(1)	(51)
Foreign exchange movement	(22)	–	(5)	(27)
Total changes in the statement of profit or loss and OCI	(938)	3	709	(226)
Cash flows				
Premium paid	543	–	–	543
Amounts received	–	–	(620)	(620)
Total cash flows	543	–	(620)	(77)
Net closing balance	(49)	5	290	246
Closing assets	487	3	219	709
Closing liabilities	(536)	2	71	(463)
Net closing balance	(49)	5	290	246

Year ended 31 December 2023				
US\$m	Assets for remaining coverage			Total
	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	
Opening assets	487	3	219	709
Opening liabilities	(536)	2	71	(463)
Net opening balance	(49)	5	290	246
Changes in the statement of profit or loss and OCI				
<i>Allocation of reinsurance premium paid</i>	(321)	–	–	(321)
<i>Amounts recoverable from reinsurers</i>				
Recoveries of incurred claims and other insurance service expenses	–	(3)	223	220
Recoveries and reversals of recoveries of losses on onerous underlying contracts	–	6	–	6
Adjustments to assets for incurred claims	–	–	9	9
	–	3	232	235
Investment components and premium refunds	(479)	–	479	–
Net expenses from reinsurance contracts	(800)	3	711	(86)
Net finance income from reinsurance contracts	10	–	9	19
Foreign exchange movement	121	1	(45)	77
Total changes in the statement of profit or loss and OCI	(669)	4	675	10
Cash flows				
Premium paid	2,902	–	–	2,902
Amounts received	–	–	(604)	(604)
Total cash flows	2,902	–	(604)	2,298
Net closing balance	2,184	9	361	2,554
Closing assets	2,510	8	338	2,856
Closing liabilities	(326)	1	23	(302)
Net closing balance	2,184	9	361	2,554

US\$m	Year ended 31 December 2024			Total
	Assets for remaining coverage Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	
Opening assets	2,510	8	338	2,856
Opening liabilities	(326)	1	23	(302)
Net opening balance	2,184	9	361	2,554
Changes in the statement of profit or loss and OCI				
<i>Allocation of reinsurance premium paid</i>	(271)	–	–	(271)
<i>Amounts recoverable from reinsurers</i>				
Recoveries of incurred claims and other insurance service expenses	–	(7)	223	216
Recoveries and reversals of recoveries of losses on onerous underlying contracts	–	27	–	27
Adjustments to assets for incurred claims	–	–	(5)	(5)
	–	20	218	238
Investment components and premium refunds	(377)	–	377	–
Net expenses from reinsurance contracts	(648)	20	595	(33)
Effect of changes in non- performance risk of reinsurers	3	–	–	3
Net finance income from reinsurance contracts	(267)	2	–	(265)
Foreign exchange movement	(217)	–	(10)	(227)
Total changes in the statement of profit or loss and OCI	(1,129)	22	585	(522)
Cash flows				
Premium paid	808	–	–	808
Amounts received	–	–	(523)	(523)
Total cash flows	808	–	(523)	285
Net closing balance	1,863	31	423	2,317
Closing assets	2,302	24	355	2,681
Closing liabilities	(439)	7	68	(364)
Net closing balance	1,863	31	423	2,317

Analysis by measurement component

US\$m	Year ended 31 December 2022						Subtotal	Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other contracts	CSM		
Opening assets	161	90	1	563	205		769	1,020
Opening liabilities	(606)	19	3	97	16		116	(471)
Net opening balance	(445)	109	4	660	221		885	549
Changes in the statement of profit or loss and OCI								
Changes that relate to current services								
CSM recognised for services received	–	–	(2)	(93)	(48)		(143)	(143)
Change in risk adjustment for non-financial risk for risk expired	–	(6)	–	–	–		–	(6)
Experience adjustments	1	–	–	–	–		–	1
Changes that relate to future services								
Contracts initially recognised in the year	(285)	14	–	–	271		271	–
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	1	2		3	3
Changes in estimates that adjust the CSM	8	(15)	4	21	(18)		7	–
Changes that relate to past services								
Adjustments to assets for incurred claims	2	(1)	–	–	–		–	1
Net expenses from reinsurance contracts	(274)	(8)	2	(71)	207		138	(144)
Effect of changes in non-performance risk of reinsurers	(4)	–	–	–	–		–	(4)
Net finance income/(expenses) from reinsurance contracts	(56)	–	–	3	2		5	(51)
Foreign Exchange Movement	67	(10)	–	(71)	(13)		(84)	(27)
Total changes in the statement of profit or loss and OCI	(267)	(18)	2	(139)	196		59	(226)
Cash flows								
Premium paid	543	–	–	–	–		–	543
Amounts received	(620)	–	–	–	–		–	(620)
Total cash flows	(77)	–	–	–	–		–	(77)
Net closing balance	(789)	91	6	521	417		944	246
Closing assets	(240)	82	8	464	395		867	709
Closing liabilities	(549)	9	(2)	57	22		77	(463)
Net closing balance	(789)	91	6	521	417		944	246

Year ended 31 December 2023							
CSM							
US\$m	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other contracts	Subtotal	Total
Opening assets	(240)	82	8	464	395	867	709
Opening liabilities	(549)	9	(2)	57	22	77	(463)
Net opening balance	(789)	91	6	521	417	944	246
Changes in the statement of profit or loss and OCI							
<i>Changes that relate to current services</i>							
CSM recognised for services received	–	–	(2)	(33)	(20)	(55)	(55)
Change in risk adjustment for non-financial risk for risk expired	–	(8)	–	–	–	–	(8)
Experience adjustments	(38)	–	–	–	–	–	(38)
<i>Changes that relate to future services</i>							
Contracts initially recognised in the year	187	25	–	–	(210)	(210)	2
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	2	2	4	4
Changes in estimates that adjust the CSM	406	(6)	2	(244)	(158)	(400)	–
<i>Changes that relate to past services</i>							
Adjustments to assets for incurred claims	9	–	–	–	–	–	9
Net expenses from reinsurance contracts	564	11	–	(275)	(386)	(661)	(86)
Net finance income/(expenses) from reinsurance contracts	14	–	–	3	2	5	19
Foreign Exchange Movement	166	(5)	–	(35)	(49)	(84)	77
Total changes in the statement of profit or loss and OCI	744	6	–	(307)	(433)	(740)	10
Cash flows							
Premium paid	2,902	–	–	–	–	–	2,902
Amounts received	(604)	–	–	–	–	–	(604)
Total cash flows	2,298	–	–	–	–	–	2,298
Net closing balance	2,253	97	6	214	(16)	204	2,554
Closing assets	2,670	87	4	156	(61)	99	2,856
Closing liabilities	(417)	10	2	58	45	105	(302)
Net closing balance	2,253	97	6	214	(16)	204	2,554

	Year ended 31 December 2024						
	CSM						
	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other contracts	Subtotal	Total
US\$m							
Opening assets	2,670	87	4	156	(61)	99	2,856
Opening liabilities	(417)	10	2	58	45	105	(302)
Net opening balance	2,253	97	6	214	(16)	204	2,554
Changes in the statement of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services received	–	–	(1)	(17)	(2)	(20)	(20)
Change in risk adjustment for non-financial risk for risk expired	–	(7)	–	–	–	–	(7)
Experience adjustments	(28)	–	–	–	–	–	(28)
Changes that relate to future services							
Contracts initially recognised in the year	(158)	9	–	–	155	155	6
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	4	–	–	11	6	17	21
Changes in estimates that adjust the CSM	257	(6)	1	(98)	(154)	(251)	–
Changes that relate to past services							
Adjustments to assets for incurred claims	(5)	–	–	–	–	–	(5)
Net expenses from reinsurance contracts	70	(4)	–	(104)	5	(99)	(33)
Effect of changes in non-performance risk of reinsurers	3	–	–	–	–	–	3
Net finance income/(expenses) from reinsurance contracts	(270)	–	–	3	2	5	(265)
Foreign Exchange Movement	(215)	(8)	–	(8)	4	(4)	(227)
Total changes in the statement of profit or loss and OCI	(412)	(12)	–	(109)	11	(98)	(522)
Cash flows							
Premium paid	808	–	–	–	–	–	808
Amounts received	(523)	–	–	–	–	–	(523)
Total cash flows	285	–	–	–	–	–	285
Net closing balance	2,126	85	6	105	(5)	106	2,317
Closing assets	2,553	73	4	116	(65)	55	2,681
Closing liabilities	(427)	12	2	(11)	60	51	(364)
Net closing balance	2,126	85	6	105	(5)	106	2,317

(ii) (b) *Reinsurance contract held measured under the premium allocation approach*

Analysis by remaining coverage and incurred claims

US\$m	Year ended 31 December 2022				Total
	Assets for remaining coverage Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims Estimates of PV of FCF	Risk Adjustment	
Opening assets	–	–	–	–	–
Opening liabilities	7	–	7	1	15
Net opening balance	7	–	7	1	15
Changes in the statement of profit or loss and OCI					
<i>Allocation of reinsurance premium paid</i>	(14)	–	–	–	(14)
	(14)	–	–	–	(14)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	–	–	14	–	14
Recoveries and reversals of recoveries of losses on onerous underlying contracts	–	1	–	–	1
Adjustments to assets for incurred claims	–	–	(3)	–	(3)
	–	1	11	–	12
Net expenses from reinsurance contracts	(14)	1	11	–	(2)
Foreign exchange movement	–	–	1	–	1
Total changes in the statement of profit or loss and OCI	(14)	1	12	–	(1)
Cash flows					
Premium paid	14	–	–	–	14
Amounts received	–	–	(12)	–	(12)
Total cash flows	14	–	(12)	–	2
Net closing balance	7	1	7	1	16
Closing assets	15	–	1	–	16
Closing liabilities	(8)	1	6	1	–
Net closing balance	7	1	7	1	16

US\$m	Year ended 31 December 2023				Total
	Assets for remaining coverage Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims Estimates of PV of FCF	Risk Adjustment	
Opening assets	15	–	1	–	16
Opening liabilities	(8)	1	6	1	–
Net opening balance	7	1	7	1	16
Changes in the statement of profit or loss and OCI					
<i>Allocation of reinsurance premium paid</i>	(19)	–	–	–	(19)
	(19)	–	–	–	(19)
<i>Amounts recoverable from reinsurers</i>					
Recoveries of incurred claims and other insurance service expenses	–	–	19	–	19
Adjustments to assets for incurred claims	–	–	(2)	–	(2)
	–	–	17	–	17
Investment components and premium refunds	–	–	–	–	–
Net expenses from reinsurance contracts	(19)	–	17	–	(2)
Foreign exchange movement	–	–	(1)	–	(1)
Total changes in the statement of profit or loss and OCI	(19)	–	16	–	(3)
Cash flows					
Premium paid	9	–	–	–	9
Amounts received	–	–	(4)	–	(4)
Total cash flows	9	–	(4)	–	5
Net closing balance	(3)	1	19	1	18
Closing assets	(2)	1	20	1	20
Closing liabilities	(1)	–	(1)	–	(2)
Net closing balance	(3)	1	19	1	18

	Year ended 31 December 2024				
	Assets for remaining coverage		Assets for incurred claims		
US\$m	Excluding loss-recovery component	Loss-recovery component	Estimates of PV of FCF	Risk Adjustment	Total
Opening assets	(2)	1	20	1	20
Opening liabilities	(1)	–	(1)	–	(2)
Net opening balance	(3)	1	19	1	18
Changes in the statement of profit or loss and OCI					
<i>Allocation of reinsurance premium paid</i>	(18)	–	–	–	(18)
	(18)	–	–	–	(18)
<i>Amounts recoverable from reinsurers</i>					
Recoveries of incurred claims and other insurance service expenses	–	–	16	–	16
Recoveries and reversals of recoveries of losses on onerous underlying contracts	–	(1)	–	–	(1)
Adjustments to assets for incurred claims	–	–	(6)	–	(6)
	–	(1)	10	–	9
Investment components and premium refunds	–	–	–	–	–
Net expenses from reinsurance contracts	(18)	(1)	10	–	(9)
Foreign exchange movement	–	–	–	–	–
Total changes in the statement of profit or loss and OCI	(18)	(1)	10	–	(9)
Cash flows					
Premium paid	23	–	–	–	23
Amounts received	–	–	(19)	–	(19)
Total cash flows	23	–	(19)	–	4
Net closing balance	2	–	10	1	13
Closing assets	2	–	12	1	15
Closing liabilities	–	–	(2)	–	(2)
Net closing balance	2	–	10	1	13

(b) Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts held not measured under the PAA in the year.

(i) Insurance contracts

US\$m	Profitable contracts issued	Onerous contracts issued	Profitable contracts acquired	Total
31 December 2022				
Claims and other insurance service expenses payable	(7,026)	(173)	–	(7,199)
Insurance acquisition cash flows	(1,761)	(58)	–	(1,819)
Estimates of present value of cash outflows	(8,787)	(231)	–	(9,018)
Estimates of present value of cash inflows	10,555	210	–	10,765
Risk adjustment for non-financial risk	(112)	(2)	–	(114)
Contractual Service Margin (CSM)	(1,656)	–	–	(1,656)
Amount included in insurance contract assets/liabilities for the year	–	(23)	–	(23)
31 December 2023				
Claims and other insurance service expenses payable	(6,953)	(405)	(318)	(7,676)
Insurance acquisition cash flows	(2,136)	(102)	–	(2,238)
Estimates of present value of cash outflows	(9,089)	(507)	(318)	(9,914)
Estimates of present value of cash inflows	10,748	491	363	11,602
Risk adjustment for non-financial risk	(115)	(3)	(3)	(121)
Contractual Service Margin (CSM)	(1,544)	–	(42)	(1,586)
Amount included in insurance contract assets/liabilities for the year	–	(19)	–	(19)
31 December 2024				
Claims and other insurance service expenses payable	(7,216)	(210)	–	(7,426)
Insurance acquisition cash flows	(2,133)	(83)	–	(2,216)
Estimates of present value of cash outflows	(9,349)	(293)	–	(9,642)
Estimates of present value of cash inflows	10,787	279	–	11,066
Risk adjustment for non-financial risk	(94)	(4)	–	(98)
Contractual Service Margin (CSM)	(1,344)	–	–	(1,344)
Amount included in insurance contract assets/liabilities for the year	–	(18)	–	(18)

(ii) *Reinsurance contracts held*

US\$m	Contracts initiated	Contracts acquired	Total
31 December 2022			
Estimates of present value of cash inflows	1,141	–	1,141
Estimates of present value of cash outflows	(1,426)	–	(1,426)
Risk adjustment for non-financial risk	14	–	14
Contractual Service Margin (CSM)	271	–	271
Amount included in reinsurance contract assets/liabilities for the year	–	–	–
31 December 2023			
Estimates of present value of cash inflows	4,665	–	4,665
Estimates of present value of cash outflows	(4,474)	(4)	(4,478)
Risk adjustment for non-financial risk	24	1	25
Contractual Service Margin (CSM)	(213)	3	(210)
Amount included in reinsurance contract assets/liabilities for the year	2	–	2
31 December 2024			
Estimates of present value of cash inflows	1,057	–	1,057
Estimates of present value of cash outflows	(1,215)	–	(1,215)
Risk adjustment for non-financial risk	9	–	9
Contractual Service Margin (CSM)	155	–	155
Amount included in reinsurance contract assets/liabilities for the year	6	–	6

(c) *Contractual service margin*

The following table sets out when the Group expects to recognise the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA.

US\$m	2022			As at 31 December 2023			2024		
	Insurance contracts	Reinsurance contracts held	Total	Insurance contracts	Reinsurance contracts held	Total	Insurance contracts	Reinsurance contracts held	Total
Within one year	657	(109)	548	579	(32)	547	589	(19)	570
One to five years	1,846	(265)	1,581	1,637	(68)	1,569	1,677	(24)	1,653
Five to ten years	1,389	(184)	1,205	1,189	(35)	1,154	1,217	(4)	1,213
More than ten years	2,452	(386)	2,066	1,845	(69)	1,776	1,797	(59)	1,738
Total	6,344	(944)	5,400	5,250	(204)	5,046	5,280	(106)	5,174

The following table summarises the key variables on which insurance and investment contract cash flows depend.

Type of contract	Material terms and conditions	Nature of benefits and compensation for claims	Factors affecting contract cash flows	Key reportable segments
Traditional participating life assurance with DPF	Participating products combine protection with a savings element. The basic sum assured, payable on death or maturity, may be enhanced by dividends, the timing or amount of which is at the discretion of the insurer taking into account factors such as investment experience.	Minimum guaranteed benefits may be enhanced based on investment experience and other considerations.	Investment performance Expenses Mortality Lapses Morbidity Dividend/bonus rates	All
Takaful	Products combine savings with protection, with an arrangement based on mutual assistance under which takaful participants agree to contribute to a common fund (Family risk fund) providing for mutual financial benefits payable on the occurrence of pre-agreed events.	Minimum guaranteed benefits may be enhanced based on investment experience and other considerations.	Investment performance Expenses Mortality Lapses Morbidity Partial withdrawals Premium holidays	Emerging markets (Malaysia and Indonesia)
Traditional non-participating life	Benefits paid on death, maturity, sickness or disability that are fixed and guaranteed and not at the discretion of the insurer.	Benefits, defined in the insurance contract, are determined by the contract and are not affected by investment performance or the performance of the contract as a whole.	Mortality Morbidity Lapses Expenses	All

Type of contract	Material terms and conditions	Nature of benefits and compensation for claims	Factors affecting contract cash flows	Key reportable segments
Accident and health non-participating	These products provide morbidity or sickness benefits and include health, disability, critical illness and accident cover.	Benefits, defined in the insurance contract, are determined by the contract and are not affected by investment performance or the performance of the contract as a whole.	Mortality Morbidity Lapses Expenses	All
Universal Life	Universal Life contracts combine savings with protection. Account balances are credited with interest at a rate set by the insurer.	Benefits are based on the account balance and death and living benefits.	Investment performance Crediting rates Lapses Partial withdrawals Premium holidays Expenses Mortality Morbidity	Hong Kong, Emerging Markets (Vietnam only)
Unit-linked	Investment-linked contracts combine savings with protection, the cash value of the policy depending on the value of unitised funds.	Benefits are based on the value of the unitised funds and death and living benefits.	Investment performance Lapses Partial withdrawals Premium holidays Expenses Mortality Morbidity	Hong Kong, Thailand, Emerging markets (Malaysia, Indonesia, Singapore, Philippines and Vietnam only)

Methodology and assumptions

The most significant items to which profit or loss for the period and shareholders' equity are sensitive are market, insurance and lapse risks which are shown in the table below. Indirect exposure indicates that there is a second order impact. For example, whilst the profit or loss for the period attributable to shareholders is not directly affected by investment income earned where the investment risk is borne by policyholders (for example, in respect of unit-linked contracts), there is a second order effect through the investment management fees which the Group earns by managing such investments. The distinction between direct and indirect exposure is not intended to indicate the relative sensitivity to each of these items. Where the direct exposure is shown as being "net neutral", this is because the exposure to market and credit risk is offset by a corresponding movement in insurance contract liabilities.

Type of contract	Market and credit risk			Significant insurance and lapse risks
	Insurance contract liabilities	Direct exposure Risks associated with related investment portfolio	Indirect exposure	
Traditional participating life assurance with DPF	Net neutral except for the insurer's share of participating investment performance Guarantees	Net neutral except for the insurer's share of participating investment performance	Investment performance	Persistency Mortality Morbidity
Takaful	Net neutral except for the insurer's share of participating investment performance Guarantees	Net neutral except for the insurer's share of participating investment performance	Investment performance	Persistency Mortality Morbidity Partial withdrawals Premium holidays
Traditional non-participating life assurance	Investment performance Asset-liability mismatch risk	Asset-liability mismatch risk Credit Risk Investment performance	Not applicable	Mortality Morbidity Persistency
Accident and health non-participating	Loss ratio Asset-liability mismatch risk	Investment performance Credit risk Asset-liability mismatch risk	Not applicable	Morbidity Persistency
Universal Life	Guarantees Asset-liability mismatch risk	Investment performance Credit risk Asset-liability mismatch risk	Spread between earned rate and crediting rate to policyholders	Mortality Persistency Partial withdrawals Premium holidays
Unit-Linked	Net neutral	Net neutral	Performance-related investment management fees	Mortality Persistency Partial withdrawals Premium holidays

The Group is also exposed to foreign currency risk in respect of its operations, and to interest rate risk, credit risk and equity price risk on assets representing net shareholders' equity, and to expense risk to the extent that actual expenses exceed those that can be charged to insurance contract holders on non-participating business. Expense assumptions applied in the Group's actuarial valuation models assume a continuing level of business volumes.

Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Group generally determines the risk-free rates using either government bond yields or swap yield curve. The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on changes to long-term expectations. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. Illiquidity premiums are generally determined by adjusting the return of a reference portfolio to eliminate any factors that are not relevant to the insurance contracts.

The tables below set out the spot rates used to discount the cash flows of insurance contracts for major currencies.

As at
31 December
2022

Spot rates	1 year		5 years		10 years		15 years		20 years	
	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium
USD	4.64%	5.67%	3.94%	4.97%	3.81%	4.84%	3.91%	4.94%	4.18%	5.21%
HKD	4.88%	5.73%	3.96%	4.81%	3.78%	4.63%	3.82%	4.67%	3.84%	4.70%
THB	1.37%	2.40%	1.99%	3.02%	2.63%	3.66%	3.15%	4.18%	3.51%	4.54%
JPY	0.00%	0.23%	0.25%	0.49%	0.45%	0.69%	1.03%	1.27%	1.34%	1.58%
CNY	2.09%	2.92%	2.66%	3.49%	2.88%	3.71%	3.07%	3.90%	3.32%	4.15%

As at
31 December
2023

Spot rates	1 year		5 years		10 years		15 years		20 years	
	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium
USD	4.70%	5.66%	3.79%	4.75%	3.83%	4.78%	3.94%	4.89%	4.27%	5.22%
HKD	4.29%	5.29%	3.27%	4.27%	3.29%	4.29%	3.41%	4.41%	3.47%	4.47%
THB	2.30%	2.97%	2.48%	3.15%	2.75%	3.42%	3.04%	3.71%	3.35%	4.02%
JPY	(0.04)%	0.04%	0.23%	0.30%	0.67%	0.75%	1.10%	1.18%	1.48%	1.56%
CNY	2.07%	2.53%	2.41%	2.86%	2.58%	3.04%	2.82%	3.28%	3.12%	3.57%

As at
31 December
2024

Spot rates	1 year		5 years		10 years		15 years		20 years	
	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium
USD	4.11%	4.85%	4.34%	5.08%	4.55%	5.29%	4.77%	5.51%	4.90%	5.64%
HKD	3.88%	4.70%	3.60%	4.41%	3.65%	4.46%	3.72%	4.53%	3.75%	4.56%
THB	1.96%	2.74%	2.09%	2.87%	2.29%	3.07%	2.52%	3.30%	2.88%	3.66%
JPY	0.41%	0.43%	0.73%	0.75%	1.12%	1.14%	1.56%	1.58%	1.97%	2.00%
CNY	1.08%	1.64%	1.42%	1.98%	1.70%	2.25%	2.09%	2.65%	2.52%	3.08%

Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity.

When the present value of future cash flows is estimated by stochastic modelling, the cash flows are discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are generally determined by considering the expected cash flows arising from insurance contracts in each segment for each of the geographical markets in which the Group operates, consistent with the way that non-financial risk is managed. Risk adjustments are determined separately from estimates from the present value of future cash flows, using the confidence level technique.

Applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at 75th percentile (the target confidence level) over the expected present value of the future cash flows.

19 FINANCIAL INVESTMENTS

The following tables analyse the Group's financial investments by type and nature. The Group manages its financial investments in two distinct categories: Unit-linked Investments and Policyholder and Shareholder Investments.

Unit-linked contract holders are responsible for allocation of their policy values amongst investment options offered by the Group. The investment risk in respect of Unit-linked Investments is generally wholly borne by the customers and these investments are measured at fair value through profit or loss. Policyholder and Shareholder Investments include all financial investments other than Unit-linked Investments. The investment risk in respect of Policyholder and Shareholder Investments is partially or wholly borne by the Group.

Policyholder and Shareholder Investments are further categorised as Participating Funds, other participating business with discretionary expected sharing with policyholders and underlying distinct investment portfolios ("Other Participating Business with distinct Portfolios") and Other Policyholder and Shareholder investments. Other Participating Business with distinct Portfolios refers to business where it is expected that the policyholder will receive, at the discretion of the insurer, additional benefits based on the performance of underlying segregated investment assets where this asset segregation is supported by an explicit statutory reserve and reporting in the relevant territory.

The reason for separately analysing financial investments held by Participating Funds and Other Participating Business with distinct Portfolios is that Participating Funds are subject to local regulations that generally prescribe a minimum proportion of policyholder participation in declared dividends and for Other Participating Business with distinct Portfolios is, as explained above, expected that the policyholder will receive, at the discretion of the insurer, additional benefits based on the performance of the underlying segregated investment assets where this asset segregation is supported by an explicit statutory reserve and reporting in the relevant territory. For Participating Funds and Other Participating Business with distinct Portfolios, the Group measures equity shares and interests in investment funds at fair value through profit or loss, and debt securities at fair value through other comprehensive income except for those being mandatory at fair value through profit or loss.

Other Policyholder and Shareholder Investments are distinct from Unit-linked Investments, Participating Funds and Other Participating Business with distinct Portfolios as there are not any direct contractual or regulatory requirements governing the amount, if any, for allocation to policyholders. The Group measures equity shares and interests in investment funds at fair value through profit or loss in this category and debt securities at fair value through other comprehensive income except for those being mandatory at fair value through profit or loss in this category. The investment risk from investments in this category directly impacts the Group's financial statements. For certain benefits of business written in "Participating Funds and Other Participating Business with distinct Portfolios" funds and Unit-linked funds that are not supported by the underlying segregated assets, the backing assets are generally included in "Other policyholder and shareholder" funds.

In the following tables, "FVTPL" indicates financial investments classified as fair value through profit or loss and "FVOCI" indicates financial investments classified as fair value through other comprehensive income.

19.1 Debt securities

In compiling the tables below, external international issue ratings have been used in accordance with the Group's credit risk assessment framework. Where external international issue ratings are not readily available, external local issue ratings are used by mapping to external international ratings based on an internal rating methodology. Where there is no external international or local issue rating, the external credit rating of the issuer is used and if not available, the debt security is classified as not-rated.

Standard and Poor's and Fitch	Moody's	Internal ratings reported as
AAA	Aaa	AAA
AA+ to AA-	Aa1 to Aa3	AA
A+ to A-	A1 to A3	A
BBB+ to BBB-	Baa1 to Baa3	BBB
BB+ to BB-	Ba1 to Ba3	BB (Below investment grade)
B+ to B-	B1 to B3	B (Below investment grade)
CCC+ and below	Caa1 and below	CCC or Not rated

Debt securities by type comprise the following:

US\$m	Policyholder and shareholder investments				Total
	Participating funds and other participating business with distinct portfolios		Other policyholder and shareholder investments		
	FVTPL (Mandatory)	FVOCI	FVTPL (Mandatory)	FVOCI	
31 December 2022					
Government bonds					
United States	–	734	–	301	1,035
Japan	–	–	–	2,804	2,804
Thailand	–	–	–	10,455	10,455
Other	–	805	–	312	1,117
Sub-total	–	1,539	–	13,872	15,411
Government agency bonds ¹					
AAA	–	2	–	2	4
AA	–	267	–	193	460
A	–	111	–	363	474
BBB	–	35	–	574	609
CCC or not rated	–	14	–	12	26
Sub-total	–	429	–	1,144	1,573
Corporate bonds					
AAA	–	123	–	25	148
AA	–	431	–	304	735
A	144	2,772	66	2,800	5,782
BBB	134	2,045	235	3,051	5,465
Below investment grade	9	25	19	1,132	1,185
CCC or not rated	90	48	45	121	304
Sub-total	377	5,444	365	7,433	13,619

US\$m	Policyholder and shareholder investments				Total
	Participating funds and other participating business with distinct portfolios		Other policyholder and shareholder investments		
	FVTPL	FVOCI	FVTPL	FVOCI	
	(Mandatory)		(Mandatory)		
31 December 2022					
Structured securities ²					
AAA	8	158	–	25	191
AA	–	76	–	381	457
A	45	99	35	34	213
BBB	36	45	914	43	1,038
Below investment grade	3	–	17	–	20
CCC or not rated	2	27	1	6	36
Sub-total	94	405	967	489	1,955
Others					
Certificate of deposits	–	40	–	20	60
Others	–	–	7	–	7
Sub-total	–	40	7	20	67
Total ³	471	7,857	1,339	22,958	32,625

Notes:

- 1 Government agency bonds comprise bonds issued by government-sponsored institutions such as national, provincial and municipal authorities and government-related entities.
- 2 Structured securities include collateralised debt obligations, mortgage-backed securities and other asset-backed securities.
- 3 As at 31 December 2022, debt securities of US\$3,529m, US\$431m, US\$22m and US\$5m are restricted due to local regulatory requirements in Thailand, Macau, Indonesia and the Philippines, respectively.

US\$m	Policyholder and shareholder investments				Total
	Participating funds and other participating business with distinct portfolios		Other policyholder and shareholder investments		
	FVTPL	FVOCI	FVTPL	FVOCI	
	(Mandatory)		(Mandatory)		
31 December 2023					
Government bonds					
United States	–	654	–	231	885
Japan	–	–	–	1,909	1,909
Thailand	–	–	–	11,088	11,088
Other	–	756	–	477	1,233
Sub-total	–	1,410	–	13,705	15,115
Government agency bonds ¹					
AAA	3	16	–	1	20
AA	–	538	–	220	758
A	–	193	–	291	484
BBB	–	40	–	629	669
Below investment grade	–	3	–	7	10
Sub-total	3	790	–	1,148	1,941
Corporate bonds					
AAA	–	163	–	16	179
AA	–	462	–	235	697
A	63	2,695	66	2,191	5,015
BBB	205	1,978	276	2,309	4,768
Below investment grade	10	35	19	1,018	1,082
CCC or not rated	51	41	55	33	180
Sub-total	329	5,374	416	5,802	11,921
Structured securities ²					
AAA	3	105	–	16	124
AA	6	188	–	21	215
A	41	198	19	36	294
BBB	46	177	1,093	19	1,335
Below investment grade	3	–	3	–	6
CCC or not rated	–	10	1	1	12
Sub-total	99	678	1,116	93	1,986
Others					
Certificate of deposits	–	17	–	12	29
Others	–	–	7	–	7
Sub-total	–	17	7	12	36
Total ³	431	8,269	1,539	20,760	30,999

Notes:

- 1 Government agency bonds comprise bonds issued by government-sponsored institutions such as national, provincial and municipal authorities and government-related entities.
- 2 Structured securities include collateralised debt obligations, mortgage-backed securities and other asset-backed securities.
- 3 As at 31 December 2023, debt securities of US\$3,658m, US\$501m, US\$20m and US\$6m are restricted due to local regulatory requirements in Thailand, Macau, Indonesia and the Philippines, respectively.

US\$m	Policyholder and shareholder investments				Total
	Participating funds and other participating business with distinct portfolios		Other policyholder and shareholder investments		
	FVTPL	FVOCI	FVTPL	FVOCI	
	(Mandatory)		(Mandatory)		
31 December 2024					
Government bonds					
United States	–	1,853	–	229	2,082
Japan	–	–	–	1,722	1,722
Thailand	–	–	–	12,231	12,231
Other	–	631	–	420	1,051
Sub-total	–	2,484	–	14,602	17,086
Government agency bonds ¹					
AAA	2	5	–	–	7
AA	–	432	–	188	620
A	–	138	–	398	536
BBB	–	71	–	454	525
Below investment grade	–	3	–	6	9
Sub-total	2	649	–	1,046	1,697
Corporate bonds					
AAA	–	166	–	9	175
AA	6	523	–	156	685
A	101	2,848	85	1,773	4,807
BBB	111	1,443	122	2,003	3,679
Below investment grade	–	10	20	703	733
CCC or not rated	27	69	45	36	177
Sub-total	245	5,059	272	4,680	10,256

US\$m	Policyholder and shareholder investments				Total
	Participating funds and other participating business with distinct portfolios		Other policyholder and shareholder investments		
	FVTPL	FVOCI	FVTPL	FVOCI	
	(Mandatory)		(Mandatory)		
31 December 2024					
Structured securities ²					
AAA	63	362	52	558	1,035
AA	252	770	65	145	1,232
A	41	639	8	174	862
BBB	–	90	681	1	772
CCC or not rated	42	53	27	52	174
Sub-total	398	1,914	833	930	4,075
Others					
Certificate of deposits	–	–	–	44	44
Sub-total	–	–	–	44	44
Total ³	645	10,106	1,105	21,302	33,158

Notes:

- 1 Government agency bonds comprise bonds issued by government-sponsored institutions such as national, provincial and municipal authorities and government-related entities.
- 2 Structured securities include collateralised debt obligations, mortgage-backed securities and other asset-backed securities.
- 3 As at 31 December 2024, debt securities of US\$3,954m, US\$570m, US\$18m and US\$6m are restricted due to local regulatory requirements in Thailand, Macau, Indonesia and the Philippines, respectively.

As at 31 December 2022, 2023 and 2024, debt securities of US\$419m, US\$194m and US\$259m, are subject to repurchase and forward agreements, whereby securities are sold to third parties with a concurrent agreement to repurchase the securities at a specified date. The securities related to the repurchase and forward agreements are not derecognised from the consolidated statements of financial position, but are retained within the appropriate financial asset classification. During the term of the repurchase and forward agreements, the counterparty is restricted from selling or pledging the transferred debt securities. Refer to Note 26 for additional information on the associated liabilities.

19.2 Equity securities

Equity securities at fair value through profit and loss:

US\$m	Policyholder and shareholder investments		Total
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder investments	
31 December 2022	56	325	381
31 December 2023	71	604	675
31 December 2024	130	91	221

19.3 Interests in investment funds

Interests in investment funds at fair value through profit and loss:

US\$m	Policyholder and shareholder investments		Sub-total	Unit-linked	Total
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder investments			
31 December 2022	3,560	1,608	5,168	2,408	7,576
31 December 2023	4,306	1,576	5,882	2,785	8,667
31 December 2024	4,007	1,679	5,686	3,417	9,103

Note:

- 1 As at 31 December 2022, 2023 and 2024, interests in investment funds of US\$50m, US\$98m and US\$99m are restricted due to local regulatory requirements in Macau.

19.4 Loans and deposits

The Group

US\$m	As at 31 December		2024
	2022	2023	
Accreting deposits and promissory notes	587	584	454
Term deposits	930	406	448
Other financial receivables	16	9	8
Provision for impairment	(3)	(3)	(8)
Total	1,530	996	902

Accreting deposits and promissory notes are stated at amortised cost. As at 31 December 2022, 2023 and 2024, the accreting deposits and promissory notes bear interest rates ranging from 2.3% to 5.2% per annum, 3.8% to 4.5% per annum and 3.8% to 4.5% per annum, respectively, and are repayable upon maturity.

Certain term deposits of US\$36m, US\$37m and US\$38m as at 31 December 2022, 2023 and 2024, respectively, are restricted due to local regulatory requirements.

The Company

US\$m	As at 31 December		
	2022	2023	2024
Term deposits	601	–	–

20 DERIVATIVE FINANCIAL INSTRUMENTS

The Group

The followings summarised the Group's derivative exposure:

US\$m	Notional amount	Fair value Assets	Liabilities
31 December 2022			
Foreign exchange contracts			
Forwards	7,589	122	(119)
Cross-currency swaps	1,476	86	(13)
Total foreign exchange contracts	9,065	208	(132)
Interest rate swaps	508	–	(2)
Others			
Warrants and options	9	52	–
Bond forward contracts	657	59	–
Total	10,239	319	(134)
31 December 2023			
Foreign exchange contracts			
Forwards	7,956	105	(340)
Cross-currency swaps	591	21	(15)
Total foreign exchange contracts	8,547	126	(355)
Interest rate swaps	508	1	–
Others			
Warrants and options	499	68	–
Bond forward contracts	688	1	(61)
Other equity derivatives	50	22	–
Total	10,292	218	(416)

US\$m	Notional amount	Fair value Assets	Liabilities
31 December 2024			
Foreign exchange contracts			
Forwards	8,699	107	(377)
Cross-currency swaps	831	55	(3)
Total foreign exchange contracts	9,530	162	(380)
Interest rate swaps	8	–	–
Others			
Warrants and options	792	63	(10)
Bond forward contracts	2,409	47	(138)
Other equity derivatives	50	13	–
Total	12,789	285	(528)

The Company

The following table summarises the Company's derivative exposure:

US\$m	Notional amount	Fair value Assets	Liabilities
31 December 2022			
Foreign exchange contracts			
Forwards	233	10	–
Interest rate swaps	500	–	(2)
Total	733	10	(2)
31 December 2023			
Foreign exchange contracts			
Forwards	148	2	–
Interest rate swaps	500	1	–
Total	648	3	–
31 December 2024			
Others			
Warrants and options	28	2	–
Total	28	2	–

Notional amount of foreign exchange contracts refers to the receive leg of foreign derivative transactions.

The Group's derivatives are over-the-counter (OTC) derivatives. OTC derivative contracts are individually negotiated between contracting parties and not cleared through an exchange. OTC derivatives include forwards, swaps and options. Derivatives are subject to various risks including market, liquidity and credit risks, similar to those related to the underlying financial instruments.

Derivatives assets and derivative liabilities are recognised in the consolidated statement of financial position as financial assets at fair value through profit or loss and derivative financial liabilities, respectively. The Group's derivative contracts are established to economic hedge financial exposures. The Group adopts hedge accounting in limited circumstances. The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities in the consolidated statement of financial position as they do not represent the fair value of these transactions. The notional amounts in the previous table reflect the aggregate of individual derivative positions on a gross basis and so give an indication of the overall scale of derivative transactions.

Foreign exchange contracts

Foreign exchange forward and futures contracts represent agreements to exchange the currency of one country for the currency of another country at an agreed price and settlement date. Currency options are agreements that give the buyer the right to exchange the currency of one country for the currency of another country at agreed prices and settlement dates. Currency swaps are contractual agreements that involve the exchange of both periodic and final amounts in two different currencies. Exposure to gains and losses on the foreign exchange contracts will increase or decrease over their respective lives as a function of maturity dates, interest and foreign exchange rates, implied volatility of the underlying indices and the timing of payments.

Interest rate swaps

Interest rate contracts are contractual agreements between two parties to exchange periodic payments in the same currency, each of which is computed on a different interest rate basis, on a specified notional amount. Most interest rate contracts involve the net exchange of payments calculated as the difference between the fixed and floating rate interest payments.

Other derivatives

Forward contracts are contractual obligations to buy or sell a financial instrument on a predetermined future date at a specified price. Credit default swaps represent agreements under which the Group has purchased default protection on certain underlying corporate bonds held in its portfolio. These credit default swaps allow the Group to sell the protected bonds at par value to the counterparty if a default event occurs in exchange for periodic payments made by the Group for the life of the agreement.

As at 31 December 2022, 2023 and 2024, the Group has a call option with a 5-year exercise period expiring in 2025 pursuant to which the Group has the right to acquire a minority stake in the related party at a discounted price. Refer to Note 33 for details.

Collateral under derivative transactions

As at 31 December 2022, the Group held cash collateral of US\$132m and debt securities collateral with a carrying value of US\$118m for assets and posted cash collateral of US\$1m and debt securities with a carrying value of US\$154m for liabilities. As at 31 December 2023, the Group held cash collateral of US\$43m and debt securities collateral with a carrying value of US\$10m for assets, and posted cash collateral of US\$57m and pledged debt securities with a carrying value of US\$311m for liabilities. As at 31 December 2024, the Group held cash collateral of US\$84m and debt securities collateral with a carrying value of US\$8m for assets, and posted cash collateral of US\$95m and pledged debt securities with a carrying value of US\$368m for liabilities. The Group did not sell or repledge the collateral received. These transactions are conducted under terms that are usual and customary to collateralised transactions. Further information relating to cash collateral is included in Notes 22 and 26.

As at 31 December 2022, 2023 and 2024, the Company held cash collateral of US\$5m, US\$3m and US\$nil for assets, respectively. The Company did not sell or repledge the collateral received. These transactions are conducted under terms that are usual and customary to collateralised transactions.

Derivatives designated as hedging instruments

During the years ended 31 December 2022, 2023 and 2024, the Group designated an interest rate swap as cash flow hedge of variable rate interest payments arising from a bank borrowing. The terms of the interest rate swap have been negotiated to match the terms of the variable rate interest payments. As a result, this hedging

relationship is considered highly effective at inception, 31 December 2022 and 2023. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment. The fair value of the interest rate swap designated as hedging instrument was US\$(2)m, US\$1m and US\$nil as at 31 December 2022, 2023 and 2024, respectively.

The Group has designated certain foreign exchange derivative assets with fair values of US\$4m, US\$1m and US\$22m, and certain foreign exchange derivative liabilities with fair values of US\$5m, US\$9m and US\$92m as at 31 December 2022, 2023 and 2024, respectively, in cash flow hedges of foreign exchange risk. For details, please refer to Note 29 Foreign exchange rate risk. The Group has also designated certain bond forward derivatives assets with fair values of US\$nil, US\$1m and US\$39m, and certain bond forward derivative liabilities with fair values of US\$nil, US\$14m and US\$nil, as at 31 December 2022, 2023 and 2024, respectively, in cash flow hedges of bond price risk. These hedging relationships were considered highly effective as at 31 December 2022, 2023 and 2024.

21 FAIR VALUE MEASUREMENT

Fair value hierarchy

The fair value is the amount that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Assets and liabilities recorded at fair value in the consolidated statement of financial position are measured and classified in a hierarchy for disclosure purposes consisting of three "levels" based on the observability of inputs available in the marketplace used to measure their fair values ("Fair Value Hierarchy") as discussed below:

- Level 1: Fair value measurements that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access as of the measurement date. Market price data is generally obtained from exchange or dealer markets. The Group does not adjust the quoted price for such instruments. Assets measured at fair value on a recurring basis and classified as Level 1 are actively traded equities and debt securities.
- Level 2: Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted prices that are observable for the asset and liability, such as interest rates and yield curves that are observable at commonly quoted intervals. Assets and liabilities measured at fair value on a recurring basis and classified as Level 2 generally include debt securities, equity securities, interests in investment funds and derivative contracts.
- Level 3: Fair value measurements based on valuation techniques that use significant inputs that are unobservable. Unobservable inputs are only used to measure fair value to the extent that relevant observable inputs are not available, allowing for circumstances in which there is little, if any, market activity for the asset or liability. Assets and liabilities measured at fair value on a recurring basis and classified as Level 3 mainly include investment properties and private equity fund investments.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Group's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement. In making the assessment, the Group considers factors specific to the asset or liability.

21.1 Fair value measurements on a recurring basis

The Group measures investment properties, financial instruments classified at fair value through profit or loss, financial instruments classified at fair value through OCI, derivative assets and liabilities, and investment contract liabilities at fair value on a recurring basis. The following methods and assumptions were used by the Group to estimate the fair value.

Debt securities, equity securities and interests in investment funds

Fair values for fixed interest securities are based on quoted market prices, where available. For those securities not actively traded, fair values are estimated using values obtained from brokers, private pricing services or by discounting expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investment. Priority is given to values from independent sources when available, but overall the source of pricing and/or valuation technique is chosen with the objective of arriving at the price at which an orderly transaction would take place between market participants on the measurement date. The inputs to determining fair value that are relevant to fixed interest securities include, but not limited to risk-free interest rates, the obligor's credit spreads, foreign exchange rates and credit default rates.

The fair values of listed equity securities are based on quoted market prices. The transaction price is used as the best estimate of fair value at inception. The fair values of unlisted private equity funds are based on the reported net assets value ("NAV") in their financial statements, considering various factors including the accounting policies adopted by the investees, the restrictions and barriers preventing the Group from disposing the investments, the Group's ownership percentage over the investee and other relevant factors.

Derivative financial instruments

The Group values its derivative financial assets and liabilities using market transactions and other market evidence whenever possible, including market-based inputs to models, model calibration to market clearing transactions, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. When models are used, the selection of a particular model to value a derivative depends on the contract terms of, and specific risks inherent in, the instrument as well as the availability of pricing information in the market. The Group generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs can generally be verified and model selection does not involve significant management judgement. Examples of inputs that are generally observable include foreign exchange spot and forward rates, benchmark interest rate curves and volatilities for commonly traded option products. Examples of inputs that may be unobservable include volatilities for less commonly traded option products and correlations between market factors.

Investment property

The Group engaged external, independent and qualified valuers to determine the fair value of the investment properties at least on an annual basis. Investment properties are valued on the basis of the highest and best use of the properties that is physically possible, legally permissible and financially feasible. The current use of the investment property is considered to be its highest and best use; records of recent sales and offerings of similar property are analysed, and comparison made for such factors as size, location, quality and prospective use.

The fair values of the Group's investment properties are determined based on the discounted cash flow approach which may be used by reference to net rental income allowing for reversionary income potential to estimate the fair value. Other inputs that are taken into consideration include value of comparable property and adjustments for factors such as size, location, quality and prospective use. The fair value measurement of the Group's investment properties is classified as Level 3.

Investment contract liabilities without DPF

Investment contracts can be surrendered by the holder at any time. Accordingly, their fair value is not less than the amount payable on demand. The fair values are based on the fair value of the underlying items less any surrender charges.

A summary of assets and liabilities carried at fair value on a recurring basis according to fair value hierarchy is given below:

The Group

US\$m	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2022				
Recurring fair value measurements				
Non-financial assets				
Investment property	–	–	641	641
Financial assets				
At fair value through OCI				
Debt securities	1,895	28,856	64	30,815
Government bonds	1,219	14,192	–	15,411
Government agency bonds	37	1,536	–	1,573
Corporate bonds	639	12,174	64	12,877
Structured securities	–	894	–	894
Others	–	60	–	60
At fair value through profit or loss				
Debt securities	–	902	908	1,810
Corporate bonds	–	742	–	742
Structured securities	–	159	902	1,061
Others	–	1	6	7
Equity securities	302	–	79	381
Interests in investment funds	2,314	2,195	3,067	7,576
Derivative financial instruments	–	268	51	319
Total assets on a recurring fair value measurement basis				
	4,511	32,221	4,810	41,542
% of Total				
	11%	78%	11%	100%
Financial liabilities				
Investment contract liabilities without DPF	–	–	112	112
Derivative financial instruments	–	134	–	134
Total liabilities on a recurring fair value measurement basis				
	–	134	112	246
% of Total				
	–%	54%	46%	100%

US\$m	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2023				
Recurring fair value measurements				
Non-financial assets				
Investment property	–	–	599	599
Financial assets				
At fair value through OCI				
Debt securities	1,170	27,786	73	29,029
Government bonds	1,130	13,985	–	15,115
Government agency bonds	35	1,903	–	1,938
Corporate bonds	5	11,098	73	11,176
Structured securities	–	771	–	771
Others	–	29	–	29
At fair value through profit or loss				
Debt securities	–	873	1,097	1,970
Government agency bonds	–	3	–	3
Corporate bonds	–	745	–	745
Structured securities	–	125	1,090	1,215
Others	–	–	7	7
Equity shares	577	–	98	675
Interests in investment funds	2,094	3,258	3,315	8,667
Derivative financial instruments	–	151	67	218
Total assets on a recurring fair value measurement basis	3,841	32,068	5,249	41,158
% of Total	9%	78%	13%	100%
Financial liabilities				
Investment contract liabilities without DPF	–	–	56	56
Derivative financial instruments	–	416	–	416
Total liabilities on a recurring fair value measurement basis	–	416	56	472
% of Total	–%	88%	12%	100%

US\$m	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2024				
Recurring fair value measurements				
Non-financial assets				
Investment property	–	–	466	466
Financial assets				
At fair value through OCI				
Debt securities	2,358	28,966	84	31,408
Government bonds	2,329	14,757	–	17,086
Government agency bonds	29	1,666	–	1,695
Corporate bonds	–	9,655	84	9,739
Structured securities	–	2,844	–	2,844
Others	–	44	–	44
At fair value through profit or loss				
Debt securities	–	1,069	681	1,750
Government agency bonds	–	2	–	2
Corporate bonds	–	517	–	517
Structured securities	–	550	681	1,231
Equity shares	104	–	117	221
Interests in investment funds	1,819	3,824	3,460	9,103
Derivative financial instruments	–	224	61	285
Total assets on a recurring fair value measurement basis	4,281	34,083	4,869	43,233
% of Total	10%	79%	11%	100%
Financial liabilities				
Investment contract liabilities without DPF	–	–	32	32
Derivative financial instruments	–	528	–	528
Total liabilities on a recurring fair value measurement basis	–	528	32	560
% of Total	–%	94%	6%	100%

The Company

US\$m	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2022				
Recurring fair value measurements				
Financial assets				
Derivative financial instruments	–	10	–	10
Total assets on a recurring fair value measurement basis	–	10	–	10
% of Total	–%	100%	–%	100%
Financial liabilities				
Derivative financial instruments	–	2	–	2
Total liabilities on a recurring fair value measurement basis	–	2	–	2
% of Total	–%	100%	–%	100%
31 December 2023				
Recurring fair value measurements				
Financial assets				
Derivative financial instruments	–	3	–	3
Total assets on a recurring fair value measurement basis	–	3	–	3
% of Total	–%	100%	–%	100%
31 December 2024				
Recurring fair value measurements				
Financial assets				
Derivative financial instruments	–	2	–	2
Total assets on a recurring fair value measurement basis	–	2	–	2
% of Total	–%	100%	–%	100%

The Group's policy is to recognise transfers of assets and liabilities between Level 1 and Level 2 at their fair values as at the end of each reporting period, consistent with the date of the determination of fair value. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. The Group transferred US\$nil, US\$nil and US\$3m of financial assets from Level 1 to Level 2 during the years ended 31 December 2022, 2023 and 2024, respectively.

The Group's Level 2 financial instruments include debt securities, interests in investment funds and derivative instruments. The fair values of Level 2 financial instruments are estimated using values obtained from private pricing services and brokers corroborated with internal review as necessary. When the quotes from third-party pricing services and brokers are not available, internal valuation techniques and inputs will be used to derive the fair value for the financial instruments.

Level 3 assets and liabilities

The tables below set out a summary of changes in the Group's Level 3 assets and liabilities measured at fair value on a recurring basis for the years ended 31 December 2022, 2023 and 2024. The tables reflect gains and losses, including gains and losses on assets and liabilities categorised as Level 3 as at 31 December 2022, 2023 and 2024.

US\$m	Investment property	Debt securities	Equity securities	Interests in investment funds	Derivative financial assets/ (liabilities)	Investment contract liabilities without DPF
As at 1 January 2022	663	63	133	2,959	37	(151)
Net movement on investment contract liabilities	–	–	–	–	–	39
Total gains/(losses)						
Reported under investment return in the consolidated income statement	(3)	(27)	(54)	(322)	14	–
Reported under fair value reserve and foreign currency translation reserve in the consolidated statement of comprehensive income	(83)	4	–	(53)	–	–
Purchases	64	932	–	984	–	–
Sales	–	–	–	(470)	–	–
Settlements	–	–	–	(31)	–	–
As at 31 December 2022	641	972	79	3,067	51	(112)
Change in unrealised gains/(losses) included in the consolidated income statement for assets and liabilities held at the end of the reporting period, under investment return	(3)	(27)	(54)	(254)	14	–

US\$m	Investment property	Debt securities	Equity securities	Interests in investment funds	Derivative financial assets/ (liabilities)	Investment contract liabilities without DPF
As at 1 January 2023	641	972	79	3,067	51	(112)
Net movement on investment contract liabilities	–	–	–	–	–	56
Total gains/(losses)						
Reported under investment return in the consolidated income statement	(2)	6	16	20	16	–
Reported under fair value reserve and foreign currency translation reserve in the consolidated statement of comprehensive income	(41)	(20)	–	(33)	–	–
Purchases	–	217	3	311	–	–
Sales	–	(5)	(1)	(36)	–	–
Settlements	–	–	–	(17)	–	–
Transfer to other assets	–	(2)	–	–	–	–
Acquisition of subsidiaries	1	2	1	–	–	–
Transfer into Level 3	–	–	–	3	–	–
As at 31 December 2023	599	1,170	98	3,315	67	(56)
Change in unrealised gains/(losses) included in the consolidated income statement for assets and liabilities held at the end of the reporting period, under investment return	(2)	6	15	20	16	–

US\$m	Investment property	Debt securities	Equity securities	Interests in investment funds	Derivative financial assets/ (liabilities)	Investment contract liabilities without DPF
As at 1 January 2024	599	1,170	98	3,315	67	(56)
Net movement on investment contract liabilities	–	–	–	–	–	24
Total gains/(losses)						
Reported under investment return in the consolidated income statement	(5)	73	16	11	(6)	–
Reported under fair value reserve and foreign currency translation reserve in the consolidated statement of comprehensive income	(52)	(36)	–	(51)	–	–
Purchases	–	14	3	379	–	–
Sales	(76)	(456)	–	(152)	–	–
Transfer out of level 3	–	–	–	(42)	–	–
As at 31 December 2024	466	765	117	3,460	61	(32)
Change in unrealised gains/(losses) included in the consolidated income statement for assets and liabilities held at the end of the reporting period, under investment return	(5)	78	9	2	(6)	–

Movements in investment contract liabilities at fair value are offset by movements in the underlying portfolio of matching assets. Details of the movement in investment contract liabilities are provided in Note 24.

Assets transferred into Level 3 mainly relate to interests in investment funds of which market-observable inputs became unavailable during the year and were not used in determining the fair value. Assets transferred out of Level 3 mainly relate to interests in investment funds of which market-observable inputs became available during the year and were used in determining the fair value.

Level 3 interests in investment funds and debt securities

As at 31 December 2022, 2023 and 2024, interests in investment funds classified as level 3 mainly include unlisted investment funds, debt securities classified as level 3 mainly include unlisted asset-backed securities. The Group determines the fair values of these investment funds based on the reported NAV in their audited financial statements and may make adjustments where appropriate taking into consideration various factors including accounting policies adopted by the fund, the restrictions and barriers preventing the Group from disposing of its interests in such fund and the Group's ownership percentage in such fund. For those funds where reporting year end audited financial statements are not available, the Group performs a roll forward analysis on the latest NAV of the fund based on fund managers' statements available and capital movements up to the reporting year end. This valuation methodology is in accordance with guidelines of the International Valuation Standards Council. The Group considers that the change in the input to the valuation technique would not have a significant impact on the consolidated financial statements. No quantitative analysis has been presented.

Level 3 investment property

Under the discounted cash flow approach, both income and expenses over a certain number of years from the date of valuation are itemised and projected annually taking into account the current rental revenue and the expected growth of income and expenses of each of the properties. The net cash flow over the period is discounted at an appropriate rate of return. There were no changes to the valuation techniques during the years ended 31 December 2022, 2023 and 2024.

The discount rates are estimated based on the risk profile of the properties being valued. The higher the rates, the lower the fair value. Prevailing market rents are estimated based on recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value. Occupancy rate is the aggregated leased area as a percentage of total leasable area. The higher the rate, the higher the fair value.

Significant unobservable inputs used in the discounted cash flow approach are disclosed as below.

	As at 31 December		
	2022	2023	2024
Monthly market rental income (US\$ per sq.m.)	10-928	11-953	10-959
Discount rate per annum	2.5%-10.0%	2.4%-10.0%	2.4%-10.0%
Occupancy rate	97%-100%	96%-100%	96%-100%

This valuation methodology is in accordance with guidelines of the International Valuation Standards Council.

Level 3 investment contract liabilities without DPF

Investment contract liabilities categorised in Level 3 of the fair value hierarchy are measured with reference to the value of the underlying items which are mainly unlisted investment funds.

21.2 Fair value measurements for disclosure purpose

Fair values of financial assets and liabilities for disclosure purpose are determined using the same Fair Value Hierarchy.

Loans and deposits

For loans and deposits that are repriced frequently and have not had any significant changes in credit risk, carrying amounts represent a reasonable estimate of fair values. The fair values of other loans and deposits are estimated by discounting expected future cash flows using interest rate offered for similar instruments to holders with similar credit ratings.

Other assets

The carrying amount of other financial assets is not materially different to their fair value.

Cash and cash equivalents

The carrying amount of cash approximates its fair value.

Borrowings

The fair values of borrowings with stated maturities have been estimated based on discounting future cash flows using the interest rates currently applicable to deposits of similar maturities or prices obtained from brokers.

Other liabilities

The fair values of other unquoted financial liabilities is estimated by discounting expected future cash flows using current market rates applicable to their yield, credit quality and maturity, except for those without stated maturity, where the carrying value approximates to fair value.

A summary of fair value hierarchy of assets and liabilities not carried at fair value but for which the fair value is disclosed as at 31 December 2022, 2023 and 2024 is given below.

US\$m	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2022				
Assets for which the fair value is disclosed				
Financial assets				
Accreting deposits	—	527	—	527
Total assets for which the fair value is disclosed	—	527	—	527
Liabilities for which the fair value is disclosed				
Financial liabilities				
Medium term/subordinated notes	1,169	—	—	1,169
Total liabilities for which the fair value is disclosed	1,169	—	—	1,169

US\$m	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2023				
Assets for which the fair value is disclosed				
Financial assets				
Accreting deposits	—	553	—	553
Total assets for which the fair value is disclosed	—	553	—	553
Liabilities for which the fair value is disclosed				
Financial liabilities				
Medium term/subordinated notes	1,550	—	—	1,550
Total liabilities for which the fair value is disclosed	1,550	—	—	1,550

US\$m	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2024				
Assets for which the fair value is disclosed				
Financial assets				
Accreting deposits	—	440	—	440
Total assets for which the fair value is disclosed				
	—	440	—	440
Liabilities for which the fair value is disclosed				
Financial liabilities				
Medium term/subordinated notes/subordinated dated capital securities	1,954	—	—	1,954
Total liabilities for which the fair value is disclosed				
	1,954	—	—	1,954

The following table sets out the composition and the fair value of underlying items for the Group's insurance contracts with direct participation features as at 31 December 2022, 2023 and 2024.

US\$m	As at 31 December		
	2022	2023	2024
Financial assets			
Loans and deposits	61	99	133
At fair value through OCI			
Debt securities	10,925	10,899	12,449
Government bonds	1,637	1,520	2,580
Government agency bonds	510	874	744
Corporate bonds	8,259	7,768	6,911
Structured securities	477	718	2,213
Others	42	19	1
At fair value through profit or loss			
Debt securities	641	591	828
Government agency bonds	–	3	2
Corporate bonds	525	474	357
Structured securities	116	114	469
Equity shares	58	71	131
Interests in investment funds	6,511	7,511	7,741
Derivative financial instruments	64	23	44
Cash and cash equivalents	131	194	285
Total assets on a recurring fair value measurement basis	18,391	19,388	21,611
Financial liabilities			
Derivative financial instruments	20	42	145
Total liabilities on a recurring fair value measurement basis	20	42	145

22 OTHER ASSETS

The Group

US\$m	As at 31 December		
	2022	2023	2024
Accounts receivable ¹	186	394	237
Accrued investment income	246	263	279
Restricted cash	14	2	–
Deposits	25	23	22
Prepayments	103	134	84
Total	574	816	622

Note:

- 1 Accounts receivable as at 31 December 2022, 2023 and 2024 includes cash collaterals of US\$1m, US\$57m and US\$95m posted for derivative liabilities, respectively, and US\$nil, US\$193m and US\$nil posted for recapture of reinsurance arrangement, respectively.

As at 31 December 2022, 2023 and 2024, bank deposits of US\$12m, US\$nil and US\$nil were mainly from restrictions for use in accordance with the covenant requirements of bank borrowings. Refer to Note 25 for details of the bank borrowings. As at 31 December 2022, 2023 and 2024, US\$2m, US\$2m and US\$nil was restricted for the acquisition for investment in associate.

The Company

US\$m	As at 31 December		
	2022	2023	2024
Amounts due from subsidiaries	–	3,947	3,591
Accrued investment income	3	1	–
Prepayments	11	10	15
Total	14	3,958	3,606

All amounts other than certain prepayments and amounts due from subsidiaries are generally expected to be recovered within 12 months after the end of the reporting period.

23 CASH AND CASH EQUIVALENTS

The Group

US\$m	As at 31 December		
	2022	2023	2024
Cash	1,337	1,188	1,397
Cash equivalents	137	820	290
Total	1,474	2,008	1,687

The Company

US\$m	As at 31 December		
	2022	2023	2024
Cash	335	61	100
Cash equivalents	25	561	171
Total	360	622	271

Cash comprises cash at bank and cash in hand. Cash equivalents comprise bank deposits with maturities at acquisition of three months or less.

24 INVESTMENT CONTRACT LIABILITIES

US\$m	As at 31 December		
	2022	2023	2024
At beginning of year	272	197	56
Benefits paid	(26)	(52)	(25)
Investment return from underlying assets	(13)	(1)	1
Others	(36)	(88)	–
At ending of year	197	56	32

25 BORROWINGS

The Group

US\$m	As at 31 December		
	2022	2023	2024
Bank borrowings	992	992	996
Medium term notes	324	641	318
Subordinated notes	900	898	887
Subordinated dated capital securities	–	–	592
Total	2,216	2,531	2,793

The Company

US\$m	As at 31 December		
	2022	2023	2024
Bank borrowings	–	992	996
Medium term notes	–	641	318
Subordinated notes	–	898	887
Subordinated dated capital securities	–	–	592
Total	–	2,531	2,793

Interest expense on borrowings is shown in Note 10. Further information relating to interest rates and the maturity profile of borrowings is presented in Note 29.

Outstanding bank borrowings, notes and capital securities placed to the market as at 31 December 2024:

Issue date	Nominal amount	Interest rate	Tenor
<u>Bank borrowings</u>			
30 December 2021 ²	US\$1,000m	Note 1	4 years
<u>Medium term notes</u>			
6 December 2023	US\$325m	7.784%	10 years
<u>Subordinated notes</u>			
5 April 2024	US\$900m	8.400%	5 years
<u>Subordinated dated capital securities</u>			
2 July 2024	US\$600m	7.635%	7 years

Notes:

- 1 The interest rate was USD LIBOR+1.275% as at 31 December 2022. USD LIBOR ceased on 30 June 2023, the interest rate of bank borrowing was SOFR plus i) a credit adjustment spread and ii) 1.075% as at 31 December 2023 and 2024.
- 2 The bank borrowings of the Group are subject to standard covenants that are customary for commercial bank loans. The lenders may accelerate the repayment dates of these borrowings if the Group does not comply with such covenants, subject to any applicable grace periods. The Group is not aware of any non-compliance with these covenants that could result in the repayment dates of such borrowings being accelerated.

During the year ended 31 December 2024, the Group has settled the following borrowings on scheduled maturity dates:

Issue date	Nominal amount	Interest rate	Tenor	Status
<u>Medium term notes</u>				
24 September 2014	US\$325m	5.00%	10 years	Settled
<u>Subordinated notes</u>				
9 July 2019	US\$550m	5.75%	5 years	Settled
23 July 2019	US\$250m	5.75%	5 years	Settled
30 July 2019	US\$100m	5.75%	5 years	Settled

These medium-term notes, subordinated notes and subordinated dated capital securities were/are listed on The Stock Exchange of Hong Kong Limited. The net proceeds from the issuance of the medium-term notes, subordinated notes and subordinated dated capital securities were/are used for acquisitions, general corporate purposes and funding requirements of the Group.

On 25 August 2023, the medium-term notes and subordinated notes were novated by FL and FGL to the Company. As such, the Company has assumed all the rights and obligations as the issuer of each of the medium-term notes and subordinated notes.

On 25 August 2023, FGL transferred its US\$1,000m bank borrowing and US\$500m committed revolving credit facility to the Company. As such, the Company has assumed all the rights and obligations under the bank borrowing and revolving credit facility.

The Group had access to the following undrawn borrowing facilities at the end of the reporting periods:

US\$m Facility agreement date	As at December		
	2022	2023	2024
Undrawn committed revolving credit facilities ¹			
28 December 2021 ²	500	500	500
17 December 2023 ³	–	500	885
22 November 2024 ⁴	–	–	500
	<u>500</u>	<u>1,000</u>	<u>1,885</u>
Undrawn committed term loan facilities ⁵			
22 November 2024	–	–	1,000

Notes:

- The borrowing facilities are unsecured and used for general corporate purposes.
- Consisting of a US\$500m committed revolving credit facility with an original maturity of three years which was extended in February 2023 by one year to 2025. The Group had drawn down US\$50m of the committed revolving credit facility on 9 September 2022 with interest rate of LIBOR+1.275%, which was subsequently repaid on 14 November 2022. The Group had drawn down US\$25m of the committed revolving credit facility on 24 October 2024 with interest rate of SOFR+1.075% + credit adjustment spread, which was subsequently repaid on 25 November 2024.
- Consisting of a US\$500m committed revolving credit facility maturing in 2027, which was subsequently upsized to (i) US\$685m on 6 February 2024, (ii) US\$785m on 18 November 2024 and (iii) US\$885m on 30 December 2024. The Group had drawn down US\$25m of the committed revolving credit facility on 30 October 2024 with interest rate of SOFR+1.06%, which was subsequently repaid on 29 November 2024.
- Consisting of US\$250m and US\$250m committed revolving credit facilities maturing in 2028 and 2030, respectively. These committed revolving credit facilities will be used for refinancing the US\$500m committed revolving credit facilities available under the facilities agreement dated 28 December 2021.
- Consisting of US\$500m and US\$500m committed term loan facilities maturing in 2028 and 2030, respectively. These committed term loan facilities are unsecured and will be used for refinancing the US\$1,000m bank borrowings that were available under the facilities agreement dated 28 December 2021.

26 OTHER LIABILITIES

The Group

US\$m	As at 31 December		
	2022	2023	2024
Trade and other payables ¹	853	675	816
Distribution agreement payable	41	88	26
Lease liabilities	113	122	106
Obligations under repurchase and forward arrangements	396	174	226
Total	1,403	1,059	1,174

The Company

US\$m	As at 31 December		
	2022	2023	2024
Trade and other payables ²	18	60	61
Amounts due to subsidiaries	29	44	73
Total	47	104	134

Notes:

- 1 Other payables of the Group as at 31 December 2022, 2023 and 2024 includes US\$132m, US\$43m and US\$84m, respectively, relating to the cash collateral held for derivative assets.
- 2 Other payables of the Company as at 31 December 2022, 2023 and 2024 includes US\$5m, US\$3m, and US\$nil, respectively, relating to the cash collateral held for derivative assets.

All trade and other payables are generally expected to be settled within 12 months after the end of the reporting period. Accordingly, no ageing analysis has been provided.

As at 31 December 2023, distribution agreement payable mainly represents the deferred payments to be paid in accordance with the terms set out in SCB Distribution Agreement and Vietcombank Distribution Agreement. As at 31 December 2022 and 2024, distribution agreement payable mainly represents deferred payments to be paid in accordance with the terms set out in Vietcombank Distribution Agreement.

The total cash outflow for leases for the years ended 31 December 2022, 2023 and 2024 was US\$49m, US\$51m and US\$48m, respectively.

During the years ended 31 December 2022, 2023 and 2024, the Group has entered into repurchase and forward agreements whereby certain debt securities are sold to third parties with a concurrent agreement to repurchase the securities at a specified date. Refer to Note 19.1 for details.

27 SHARE CAPITAL, SHARE PREMIUM AND RESERVES

27.1 Share capital and share premium

Ordinary Shares	Number of shares	Share capital nominal value US\$m	Share premium US\$m	Total share capital and share premium US\$m
Authorised:				
Ordinary shares of US\$0.01 each as at 31 December 2022	2,500,000,000	25	–	25
Ordinary shares of US\$0.01 each as at 31 December 2023	2,118,816,290	21	–	21
Ordinary shares of US\$0.01 each as at 31 December 2024	2,118,816,290	21	–	21
Issued and fully paid:				
Ordinary shares of US\$0.01 each as at 1 January 2022	876,157,963	8	6,011	6,019
Issue of ordinary shares during the year ended 31 December 2022	63,795,852	1	391	392
Ordinary shares of US\$0.01 each as at 31 December 2022, 2023 and 2024	939,953,815	9	6,402	6,411
Management Shares	Number of shares	Share capital nominal value US\$m	Share premium US\$m	Total share capital and share premium US\$m
Authorised:				
Management Shares of US\$0.01 each as at 31 December 2023	65,000,000	1	–	1
Management Shares of US\$0.01 each as at 31 December 2024	65,000,000	1	–	1
Issued and fully paid:				
Issue of Management Shares pursuant to the Exchange of Share Capital of FL and FGL on 31 July 2023 (Note 1.2)	34,756,740	–	160	160
Management Shares of US\$0.01 each as at 31 December 2023 and 2024	34,756,740	–	160	160

Series P Conversion Shares	Number of shares	Share capital nominal value US\$m	Share premium US\$m	Total share capital and share premium US\$m
Authorised:				
Series P Conversion Shares of US\$0.01 each as at 31 December 2023	120,099,900	1	–	1
Series P Conversion Shares of US\$0.01 each as at 31 December 2024	120,099,900	1	–	1
Issued and fully paid:				
Issue of Series P Conversion Shares pursuant to the Exchange of Share Capital of FL and FGL on 31 July 2023 (Note 1.2)	120,099,900	1	376	377
Series P Conversion Shares of US\$0.01 each as at 31 December 2023 and 2024	120,099,900	1	376	377
Series A, B-2 and B-3 Conversion Shares	Number of shares	Share capital nominal value US\$m	Share premium US\$m	Total share capital and share premium US\$m
Authorised:				
Series A, B-2 and B-3 Conversion Shares of US\$0.01 each as at 31 December 2023	196,083,810	2	–	2
Series A, B-2 and B-3 Conversion Shares of US\$0.01 each as at 31 December 2024	196,083,810	2	–	2
Issued and fully paid:				
Issue of Series A, B-2 and B-3 Conversion Shares pursuant to the Exchange of Share Capital of FL and FGL on 31 July 2023 (Note 1.2)	196,083,810	2	2,060	2,062
Series A, B-2 and B-3 Conversion Shares of US\$0.01 each as at 31 December 2023 and 2024	196,083,810	2	2,060	2,062
As at 31 December 2022	939,953,815	9	6,402	6,411
As at 31 December 2023	1,290,894,265	12	8,998	9,010
As at 31 December 2024	1,290,894,265	12	8,998	9,010

In January 2022, the Company issued 31,897,926 ordinary shares with a nominal or par value of US\$0.01 each to investors at a gross consideration of US\$200m and net of transaction costs of US\$8m.

On 19 December 2022, the Company issued 31,897,926 ordinary shares with a nominal or par value of US\$0.01 each to PCGI Holdings Limited at a consideration of US\$200m.

On 31 July 2023, the authorised share capital of the Company is US\$25m divided into (i) 2,118,816,290 ordinary shares with a nominal or par value of US\$0.01 each, (ii) 65,000,000 Management Shares with a nominal or par value of US\$0.01 each, (iii) 120,099,900 Series P Conversion Shares with a nominal or par value of US\$0.01 each, (iv) 69,578,760 Series A conversion shares with a nominal or par value of US\$0.01 each, (v) 7,588,050 Series B-2 conversion shares with a nominal or par value of US\$0.01 each and (vi) 118,917,000 Series B-3 conversion shares with a nominal or par value of US\$0.01 each.

Management Shares, Series P Conversion Shares, and Series A, B-2 and B-3 Conversion Shares issued by the Company do not have fixed maturity, participate in discretionary dividends and are non-redeemable. These shares will be mandatorily converted into ordinary shares of the Company upon completion of an initial public offering of the Company, and rank pari passu with all other shares on any payment of dividend or distribution or return of capital, with the exception that on any payment of a dividend or distribution or return of capital (other than on a liquidation event), holders of Series A, B-2 and B-3 Conversion Shares shall have the benefit of an increased entitlement to such dividend or distribution.

The holders of Management Shares and Series P Conversion Shares are entitled to the same voting rights as each ordinary share in the Company, while holders of Series A, B-2 and B-3 Conversion Shares are not entitled to attend or vote at general meetings of the Company.

Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares do not contain any contractual obligations to deliver cash, other financial assets, or a variable number of the Group's own equity instruments which cannot be unconditionally avoided by the Group. Accordingly, they are classified as equity in the Group's consolidated financial statements.

27.2 Reserves

(a) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial investments measured at FVOCI held at the end of the reporting period.

(b) Insurance finance reserve

The insurance finance reserve comprises the cumulative insurance finance income and expenses recognised in other comprehensive income.

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

(d) Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative gain or loss on the hedging instrument from the inception of the cash flow hedge.

The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently reclassified to profit or loss.

The Group defers the changes in the forward element of forward contracts in the costs of hedging reserve and amortises the forward points at the inception of the hedge in the consolidated income statements over the life of the hedge.

The Group's hedging reserves relate to the following hedging instruments:

US\$m	Cost of hedging reserve	Effective portion of foreign currency derivatives	Others	Total cash flow hedge reserves
Opening balance at 1 January 2024	–	4	(36)	(32)
Add: Change in fair value of hedging instruments recognised in OCI for the year	–	32	56	88
Add: Costs of hedging deferred and recognised in OCI	(20)	–	–	(20)
Less: Reclassified from OCI to profit or loss – included in investment return	–	(27)	(4)	(31)
Less: Amortisation of cost of hedging recognised in profit or loss – included in investment return	11	–	–	11
Less: Deferred tax	1	(1)	(10)	(10)
Closing balance at 31 December 2024	(8)	8	6	6

The movement of cash flow hedge reserve for the years ended 31 December 2022 and 2023 are insignificant.

(e) Other reserves

Other reserves mainly include capital redemption reserve and share-based compensation reserve.

27.3 Perpetual securities

FL and FGL issued the following perpetual securities. On 25 August 2023, FL and FGL novated all the perpetual securities to the Company (the “Novation of Perpetual Securities”). As such, the Company has assumed all the rights and obligations as the issuer of each of the perpetual securities.

Issuance date	Nominal amount	Distribution rate	Tenor
24 January 2017 ¹	US\$250m	6.250 %	Perpetual
15 June 2017	US\$500m	Note 2	Perpetual
6 July 2017	US\$250m	Note 2	Perpetual
1 February 2018	US\$200m	Note 3	Perpetual
13 September 2019 ⁴	US\$600m	6.375 %	Perpetual

Notes:

- On 24 January 2022, the Group redeemed the US\$250m 6.25% perpetual securities. The redemption price is composed of the outstanding principal amount together with distributions accrued to such date. The difference between the carrying amount of the redeemed perpetual securities and the cash paid upon redemption of US\$2m was recognised in accumulated losses on the date of redemption.
- 0% for first 5 years, and reset to 8.045% on 15 June 2022.
- 5.5% for first 5 years, and reset to 6.675% on 1 February 2023.

- 4 On 13 September 2024, the Group redeemed the US\$600m 6.375% perpetual securities. The redemption price is composed of the outstanding principal amount together with distributions accrued to such date. The difference between the carrying amount of the redeemed perpetual securities and the cash paid upon redemption of US\$4m was recognised in accumulated losses on the date of redemption.

Carrying amount of the perpetual securities:

The Group

US\$m Issuance date	As at 31 December		
	2022	2023	2024
15 June 2017	362	360	360
6 July 2017	179	178	178
1 February 2018	203	202	203
13 September 2019	610	608	–
	<u>1,354</u>	<u>1,348</u>	<u>741</u>

The Company

US\$m Issuance date	As at 31 December		
	2022	2023	2024
15 June 2017	–	360	360
6 July 2017	–	178	178
1 February 2018	–	202	203
13 September 2019	–	608	–
16 November 2017 and 11 January 2019 ¹	–	218	166
	<u>–</u>	<u>1,566</u>	<u>907</u>

Note:

- 1 The perpetual securities were issued by the Company to a subsidiary with nominal amount of USD314m. The coupon rate for these perpetual securities were zero for the first 5 years from the issuance date and was reset to 8.625% on 16 November 2022. On 28 May 2024, the Company partially settled US\$75m of the US\$314m perpetual securities to its subsidiary. These are intra-group transactions and balances that are eliminated when preparing the Group's consolidated financial statements.

The issuers of the perpetual securities may, at its sole option, defer the distributions by giving notice to the holders. In the event of any distribution deferral, the issuers cannot declare or pay any dividend on its ordinary or preference share capital, except if payments are declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors, or consultants. The perpetual securities have been treated as equity in the Group's consolidated statement of financial position. The proceeds from the issuance were used for general corporate purposes, potential transactions and/or repayment of the Group's own indebtedness. During the years ended 31 December 2022, 2023 and 2024, the Group paid distributions of US\$87m, US\$110m and US\$112m, respectively.

27.4 Non-controlling interests

Non-controlling interests represent ordinary shares, preference shares and convertible preference shares which are not attributable to the Company.

Equity of the Group attributable to non-controlling interests are presented as below:

US\$m	As at 31 December		
	2022	2023	2024
Ordinary shares, preference shares and convertible preference shares of FL and FGL	1,717	–	–
Ordinary shares and preference shares of the subsidiaries of FL and FGL	1	50	61
	1,718	50	61

The key terms of the preference shares and convertible preference shares are summarised below.

(a) Preference shares

Preference shares issued by FL and FGL do not have fixed maturity, participate in discretionary dividends and are redeemable within the control of the Group. The holders of preference shares are entitled to the same voting rights as each ordinary share in FL and FGL.

The preference shares rank pari passu with all other shares on any payment of dividend or distribution or return of capital (other than on a liquidation event). On a liquidation event, the assets of FL and FGL available for distribution amongst the shareholders shall be applied to pay the preference shareholders pari passu with the holders of the convertible preference shares (in priority to any payment to the holders of any other class of shares in the capital of FL and FGL).

(b) Convertible preference shares

Convertible preference shares issued by FL and FGL do not have fixed maturity, participate in discretionary dividends and are redeemable within the control of the Group. The holders of convertible preference shares are not entitled to attend or vote at general meetings of FL and FGL.

The convertible preference shares rank pari passu with all other shares, with the exception that (i) on any payment of a dividend or distribution or return of capital (other than on a liquidation event), certain holders of the convertible preference shares shall have the benefit of an increased entitlement to such dividend or distribution and (ii) on a liquidation event, the assets of FL and FGL available for distribution amongst the shareholders shall be applied to pay the convertible preference shareholders pari passu with the holders of the preference shares (in priority to any payment to the holders of any other class of shares in the capital of FL and FGL).

The convertible preference shares do not contain any contractual obligations to deliver cash, other financial assets, or a variable number of the Group's own equity instruments which cannot be unconditionally avoided by the Group. Accordingly, the convertible preference shares are classified as equity and presented as non-controlling interests in the Group's consolidated financial statements.

After the Exchange of Share Capital of FL and FGL on 31 Jul 2023, FL and FGL have become wholly-owned subsidiaries of the Company and all the ordinary shares, preference shares and convertible preference shares issued by FL and FGL are held by the Company.

27.5 Transactions with non-controlling interests

During the year ended 31 December 2022:

- i. On 3 January 2022, 31 October 2022 and 25 November 2022, the Company made capital contributions of US\$250m, US\$10m and US\$8m to FL, respectively. No shares were issued by FL as a result of these transactions.
- ii. On 14 March 2022, 12 April 2022, 17 May 2022, 4 July 2022, 11 November 2022 and 1 December 2022, the Company made capital contributions of US\$20m, US\$40m, US\$40m, US\$60m, US\$80m and US\$40m to FGL, respectively. No shares were issued by FGL as a result of these transactions.

During the year ended 31 December 2023:

- i. On 6 January 2023, 13 February 2023, 9 March 2023, 28 March 2023, 12 April 2023, 14 April 2023, 11 May 2023 and 12 July 2023, the Company made capital contributions of US\$80m, US\$33m, US\$101m, US\$15m, US\$45m, US\$13m, US\$36m and US\$5m to FGL, respectively. No shares were issued by FGL as a result of these transactions.
- ii. On 23 February 2023, 9 March 2023 and 10 May 2023, the Company made capital contributions of US\$55m, US\$13m and US\$14m to FL, respectively. No shares were issued by FL as a result of these transactions.
- iii. On 27 March 2023, FMH Capricorn Holdings Sdn Bhd ("FMH Capricorn"), a subsidiary of the Group, issued ordinary shares to the Group and other holders for a cash consideration of US\$4m and US\$16m, respectively. As a result, the Group's ownership interest in FMH Capricorn decreased from 100% to 20% without change in control.
- iv. On 31 July 2023, the Group repurchased an aggregate of 283,410 ordinary shares of FL and FGL from a non-controlling interests holder for a consideration of US\$15m.
- v. On 31 July 2023, the Company acquired the interests of FL and FGL held by the non-controlling interest holders in consideration for 34,756,740 Management Shares, 120,099,900 Series P Conversion Shares and 196,083,810 Series A, B-2 and B-3 Conversion Shares issued by the Company. For details, please refer to Note 1.2.
- vi. In November 2023, FWD BSN Holdings Sdn. Bhd., a subsidiary of the Group, issued ordinary shares to the Group and the other shareholder for a cash consideration of US\$2m and US\$1m, respectively, without a change in shareholding interest.

During the year ended 31 December 2024:

- i. On 8 March 2024, the Group acquired an additional 21% of the issued ordinary shares of FWD Takaful Berhad from non-controlling interests holders, for a total consideration of US\$26m.
- ii. In September 2024, FWD BSN Holdings Sdn. Bhd., a subsidiary of the Group, issued preference shares to the Group and the other shareholder for a cash consideration of US\$21m and US\$9m, respectively, without a change in shareholding interest.
- iii. In September 2024, FMH Capricorn, a subsidiary of the Group, issued ordinary shares to the Group and the other shareholders for a cash consideration of US\$6m and US\$23m, respectively, without a change in shareholding interest.

28 GROUP CAPITAL STRUCTURE

Capital Management Approach

The Group's capital management objectives focus on maintaining a strong capital base to support the development of the business, maximising shareholders' value and satisfying regulatory capital requirements at all times.

The Group's capital management activity considers all capital-related activities of the Group and assists senior management in making capital decisions. The capital management activity includes asset-liability management, strategic asset allocation and ongoing solvency management. This includes ensuring capital considerations are paramount in the strategy and business planning processes.

Group-wide Supervision Framework

The group supervisor of the Group is the Hong Kong Insurance Authority ("HKIA"). The Group is in compliance with the group capital adequacy requirements as applied to it.

In 2021, the HKIA implemented Group-wide Supervision ("GWS") framework, under which the HKIA has direct regulatory powers over Hong Kong incorporated holding companies of insurance groups that are designated. The Group has been subject to the GWS framework since 14 May 2021 and FWD Group Holdings Limited (the "Company") was identified as the reference company under GWS.

Under the GWS framework, the group capital adequacy requirements are determined in accordance with the Insurance (Group Capital) Rules ("Group Capital Rules").

Local Regulatory Solvency

The Group's individual subsidiaries are also subject to the supervision of government regulators in the jurisdictions in which the subsidiaries and their parent entity operate and, in relation to subsidiaries, in which they are incorporated. The various regulators monitor our local solvency positions. The Group has been in compliance with the solvency and capital adequacy requirements applied by its regulators at all times.

The primary insurance regulators for the Group's key operating companies are:

Subsidiary	Primary insurance regulator	Solvency regulation
FWD Life Insurance Company (Bermuda) Limited	Insurance Authority ("HKIA")	Hong Kong Insurance Ordinance ("HKIO")
FWD Life Insurance Public Company Limited	Thailand Office of Insurance Commission ("THOIC")	Life Insurance Act of Thailand
FWD Life Insurance Company, Limited	Financial Services Agency ("FSA")	Insurance Business Act

The HKIA (among other matters) sets minimum solvency margin requirements that an insurer must meet in order to be authorised to carry on insurance business in or from Hong Kong. The Hong Kong Risk based capital regime ("HKRBC") became effective on 1st July 2024. Previously, on 30 June 2022, the HKIA had approved the early adoption of HKRBC for FWD Life Insurance Company (Bermuda) Limited.) Under HKRBC, FWD Life Insurance Company (Bermuda) Limited is required to maintain an amount of capital not less than the prescribed capital amount (as defined in the Insurance (Amendment) Ordinance 2023) at all times.

The Life Insurance Act of Thailand (among other matters) sets minimum solvency margin requirements that an insurer must meet in order to be authorised to carry on insurance business in or from Thailand. The Life Insurance Act of Thailand requires FWD Life Insurance Public Company Limited to maintain a prescribed capital requirement ratio of 140% and a minimum capital requirement ratio of 100%.

The Enforcement Ordinance of the Insurance Business Act and Comprehensive Guidelines for Supervision of Insurance Companies sets minimum solvency margin requirements that an insurer must meet in order to be authorised to carry on insurance business in or from Japan. The Comprehensive Guidelines for Supervision of Insurance Companies Section II-2-2-2 requires FWD Life Insurance Company, Limited to maintain a prescribed capital requirement ratio of 200% and minimum capital requirement ratio of 100%.

Subsidiary dividend restrictions and restricted net assets

The Company's ability to distribute dividends is primarily dependent on the Company receiving distributions of funds from its subsidiaries. These distributions may be subject to restrictions, specifically related to the need by local insurance regulators for certain subsidiaries to maintain specific capital or solvency levels, and the need to meet other specific local regulations such as those relating to legal capital levels or foreign exchange restrictions.

Payments of dividends to the Company by its insurance subsidiaries are subject to certain restrictions imposed by the relevant regulatory authorities. With respect to the insurance subsidiaries, the payment of any dividend may require formal approval from the relevant insurance regulator in the particular jurisdiction that the subsidiary is domiciled.

29 RISK MANAGEMENT

Risk management framework

The Group's Risk Management Framework has been established for the identification, evaluation and management of the key risks faced by the organisation within its stated Risk Appetite. The framework includes an established risk governance structure with clear oversight and assignment of responsibility for monitoring and management of financial and non-financial risks.

The Group issues contracts that transfer insurance risks, financial risks or both. The insurance risks and financial risks associated with the Group's operations and the Group's management of these risks are summarised below:

Insurance risks

Life insurance contracts

Insurance risks comprise product design risk, underwriting and expense overrun risk, lapse risk and claims risk.

(a) Product design risk

Product design risk refers to potential defects in the development of a particular insurance product. The Group manages product design risk through its product approval process where products are reviewed against pricing, design and operational risk parameters. New products and product enhancements are reviewed and approved by the Group Chief Actuary.

The Group closely monitors the performance of new products and actively manages the product portfolio to minimise risks in the in-force book and new products. A portion of the Group's life insurance business is participating in nature. In the event of a volatile investment environment and/or unusual claims experience, the Group has the option of adjusting non-guaranteed bonuses and dividends payable to policyholders.

(b) Underwriting and expense overrun risk

Underwriting and expense overrun risk refers to the possibility of product-related income being inadequate to support future obligations arising from an insurance product. The Group manages underwriting risk by adhering to underwriting guidelines. Each operating unit maintains a team of professional underwriters who review and select risks that are consistent with the underwriting strategy of the Group. In certain circumstances where insufficient experience data is available, the Group makes use of

reinsurers to obtain underwriting expertise. In pricing insurance products, the Group manages expense overrun risk by allowing for an appropriate level of expenses that reflects a realistic medium-to long-term view of the underlying cost structure. A disciplined expense budgeting and management process is followed to control expenses.

(c) *Lapse risk*

Lapse risk refers to the possibility that lapse experience diverges from that assumed when products were priced. It includes potential financial loss due to early termination of contracts where the acquisition costs incurred may not be recoverable from future revenue. The Group carries out regular reviews of persistency experience. In addition, many of the Group's products include surrender charges that entitle the Group to additional fees on early termination by the policyholder, thereby reducing exposure to lapse risk.

(d) *Claims risk*

Claims risk refers to the possibility that the frequency or severity of claims arising from insurance contracts exceeds the level assumed when the products were priced. The Group seeks to mitigate claims risk by conducting regular experience studies, including reviews of mortality and morbidity experience, reviewing internal and external data, and considering the impact of these on product design, pricing and reinsurance needs.

Reinsurance solutions are used to help reduce concentration and volatility risk, especially with large policies or new risks, and as protection against catastrophes. Although the Group has reinsurance arrangements in place, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements.

Non-life insurance contracts

The Group's non-life insurance business is diversified over seven classes of business. The Group has developed a robust underwriting framework to ensure that all risks accepted meet the guidelines and standards.

The Group has developed a reinsurance strategy to ensure that a prudent and appropriate reinsurance program is in place, which manages such concentration of insurance risks based on historical experience of loss frequency and severity of similar risks and in similar geographical zones. The primary objectives of the Group's reinsurance strategy include protection of shareholders' funds, reduction in volatility of the Group's underwriting result and diversified credit risk. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance strategy, ascertaining suitable allowance for impairment of reinsurance assets.

(i) *Case estimates*

For non-life insurance contracts, the case estimate for each reported claim is set up based on the best estimate of the ultimate claim settlement amount considering all the information available for the claim. The case estimate is revised from time to time according to the latest information available. When setting case estimates for larger claims, reference is made to the advice of independent consultants such as loss adjusters and solicitors where applicable.

(ii) *Key assumptions*

Generally accepted actuarial methodologies, such as chain-ladder and Bornhuetter-Ferguson methods, are used to project the ultimate claims by class of business. The Group's past experience and claim development patterns are important assumptions for such projections. Other assumptions include average claim costs, claims handling expenses and claims inflation. The projected ultimate claim amount may also be judgmentally adjusted by external factors such as prevailing trends in judicial decisions, the economic environment and relevant government legislation.

Concentration risk

The Group actively assesses and manages concentration of insurance risk, either geographical or product concentration risk, of the Group's operations, as below:

- i. Concentration of insurance risk arises from a lack of geographical and product diversification within the Group's insurance portfolio, and could result in significant financial losses in the case certain events exhibiting geographical and/or product concentrations occur and give rise to higher levels of claims;
- ii. From a geographical standpoint, because the Group operates across multiple markets, its results of operations are not substantially dependent on any one of its individual markets. Such regional footprint provides a natural benefit of geographical diversification of insurance and other risks associated with the Group's operations (e.g., regulatory, competitive and political risks of a localised and single-market nature);
- iii. From a product exposure standpoint, despite the Group's primary focus on long-term life insurance, it has a range of product offerings with different extent and nature of risk coverage, e.g., participating, critical illness, unit-linked, term life and medical. This naturally also reduces the Group's exposures to concentrations of mortality or morbidity risk;
- iv. Concentrations of risk are managed within each market through the monitoring of product sales and size of the in-force book by product group. As a result of the Group's growing operating history and scale, a substantial amount of experience data has been accumulated which assists in evaluation, pricing and management of insurance risk; and
- v. In addition, reinsurance solutions are used to help reduce concentration and volatility risk, especially with large policies or new risks, and as protection against catastrophes, and the Group has developed a reinsurance strategy to ensure that a prudent and appropriate reinsurance program is in place, which manages such concentration of insurance risks based on historical experience of loss frequency and severity of similar risks and in similar geographical zones.

Sensitivity analysis

The table below analyses how profit or loss and equity would have increased/(decreased) if changes in key assumptions related to determination of insurance and reinsurance contract balances that were reasonably possible at the reporting date had occurred. This disclosure does not offset movements in the fair value of financial assets backing those liabilities. This analysis presents the sensitivities both gross and net of reinsurance contracts held and assumes that all other assumptions remain constant. The effects on profit or loss and equity are presented gross of the related income tax.

31 December 2022 US\$m	Profit or loss		CSM		Equity	
	Gross	Net	Gross	Net	Gross	Net
10% increase in mortality	(51)	(34)	(362)	(197)	(39)	(41)
10% decrease in mortality	46	28	341	174	35	36
10% increase in morbidity	(230)	(209)	(1,196)	(986)	(4)	(16)
10% decrease in morbidity	128	106	1,281	1,071	(99)	(88)
10% increase in expenses	(42)	(42)	(241)	(241)	(28)	(28)
10% decrease in expenses	40	40	216	217	26	26
10% increase in lapse/ discontinuance rates	(101)	(87)	(682)	(520)	(146)	(131)
10% decrease in lapse/ discontinuance rates	121	104	779	588	156	139

31 December 2023 US\$m	Profit or loss		CSM		Equity	
	Gross	Net	Gross	Net	Gross	Net
10% increase in mortality	(66)	(46)	(350)	(162)	(58)	(49)
10% decrease in mortality	54	35	370	177	45	37
10% increase in morbidity	(165)	(142)	(1,136)	(930)	(26)	(26)
10% decrease in morbidity	128	106	1,175	968	(13)	(12)
10% increase in expenses	(42)	(42)	(254)	(254)	(31)	(31)
10% decrease in expenses	41	40	253	253	29	29
10% increase in lapse/ discontinuance rates	(236)	(220)	(508)	(335)	(265)	(246)
10% decrease in lapse/ discontinuance rates	131	113	754	552	154	133

31 December 2024 US\$m	Profit or loss		CSM		Equity	
	Gross	Net	Gross	Net	Gross	Net
10% increase in mortality	(80)	(42)	(315)	(144)	(74)	(50)
10% decrease in mortality	66	36	342	160	61	45
10% increase in morbidity	(191)	(158)	(1,062)	(868)	(23)	(21)
10% decrease in morbidity	139	111	1,125	924	(29)	(26)
10% increase in expenses	(37)	(33)	(188)	(189)	(25)	(21)
10% decrease in expenses	37	33	193	196	25	21
10% increase in lapse/ discontinuance rates	(203)	(131)	(486)	(406)	(233)	(146)
10% decrease in lapse/ discontinuance rates	122	99	690	538	147	109

Financial risks

The Group is exposed to a range of financial risks, including asset concentration risk, credit risk, market risk, and liquidity risk. The Group applies a consistent risk management philosophy that is embedded in management processes and controls such that both existing and emerging risks are considered and addressed.

The following section summarises the Group's key risk exposures and the primary policies and processes used by the Group to manage its exposures to these risks.

Asset concentration risk

Concentration risk is managed at the Group level and within each Business Unit. The Group will determine concentration limits and then cascades these to the Business Units. Limits are set for single issuers, groups of related issuers, country of risk and sectors. The Group's investment system maintains a set of rules monitoring such limits. Violations of such rules trigger alerts or pre-trade approvals depending on materiality. The investment team works with external managers to ensure asset exposures stay within the stated limits. Exposures exceeding limits needs to be tabled at the relevant Business Unit's and the Group's Asset and Liability Management Committee. These committees decide the course of action required to address limit violations should they occur. Limit monitoring takes place at both the Group level and Business Unit level. Asset concentration reports are tabled at the relevant committees. The greatest aggregate concentration of fair value to direct holdings of an individual issuer (excluding all government related fixed income assets) is less than 1 per cent of the total equity and debt investments as at 31 December 2022, 2023 and 2024.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Although the primary source of credit risk is the Group's investment portfolio, credit risk also arises in reinsurance arrangements, derivative transactions, settlement and treasury activities.

The level of credit risk the Group accepts is managed and monitored by the Group Asset and Liability Management Committee, through establishment of an exposure limit for each counterparty or group of counterparties, reporting of credit risk exposures, monitoring compliance with exposure limits, and a regular review of limits due to changes in the financial strength and risk appetite of the Group and/or macro-economic environment.

The Group actively manages its investments to ensure that there is no significant concentration of credit risk to single counterparty or single group of related counterparties. On aggregate basis, the overall credit quality of the investment portfolio has to meet target quality.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing the internal rating as at the reporting date with the internal rating as at the date of initial recognition of the exposure. Where external credit ratings are available, internal ratings are assigned consistent with such ratings in accordance with the Group's credit risk assessment framework. Where external credit ratings are not readily available, an internal rating methodology has been adopted.

The Group monitors changes in credit risk by tracking the change in internal rating of the exposure. The Group also monitors relevant information, including price movements of securities, and assess whether such information signifies a change in credit risk.

Expected Credit Loss ("ECL") Methodology

The measurement of ECL is the product of the financial instrument's probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") discounted at the effective interest rate to the reporting date.

ECL is measured at an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The Group adopts three economic scenarios in the ECL measurement to meet the requirements of IFRS 9. The "Baseline" scenario represents a most likely outcome and the other two scenarios, referred to as "Upside" scenario and "Downside" scenario, represent less likely outcomes which are more optimistic or more pessimistic compared to Baseline scenario.

The Baseline scenario is prepared using historical data, economic trend, external forecast from governmental and non-governmental organisations, etc. as benchmarks to ensure the scenario is reasonable and supportable. For the Upside and Downside scenarios, the Group makes reference to the historical and forecast macroeconomic data.

The probability assigned for each scenario reflects the Group's view for the economic environment, which implements the Group's prudent and consistent credit strategy of ensuring the adequacy of impairment allowance. A higher probability is assigned to the Baseline scenario to reflect the most likely outcome and a lower probability is assigned to the Upside and Downside scenarios to reflect the less likely outcomes.

The specific values of the core macro-economic variable used by the Group for evaluating ECL for the years ended 31 December 2022, 2023 and 2024 are as follows:

	As at 31 December		
	2022	2023	2024
GDP growth			
(5-year average of year-over-year %)			
Base case scenario	1.00%	1.53%	2.15%
Upside scenario	2.53%	3.06%	3.68%
Downside scenario	(0.54)%	(0.01)%	0.63%

The following tables set out the credit quality analysis for debt investments measured at FVOCI and at amortised cost. Unless specifically indicated, the amounts in the table represent gross carrying amounts.

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 – Purchased or originated credit- impaired financial assets	Total
31 December 2022					
Debt securities under FVOCI					
AAA	1,787	–	–	–	1,787
AA	2,509	–	–	–	2,509
A	11,163	–	–	–	11,163
BBB	18,094	–	–	–	18,094
Below investment grade	1,232	–	–	–	1,232
CCC or not rated	863	–	9	–	872
Sub-total	35,648	–	9	–	35,657
Loss allowance	(45)	–	(5)	–	(50)
Amortised cost	35,603	–	4	–	35,607
Carrying amount – fair value	30,810	–	5	–	30,815

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 – Purchased or originated credit- impaired financial assets	Total
31 December 2023					
Debt securities under FVOCI					
AAA	362	–	–	–	362
AA	3,523	–	–	–	3,523
A	9,143	–	–	–	9,143
BBB	18,133	–	–	–	18,133
Below investment grade	1,094	35	–	–	1,129
CCC or not rated	106	12	9	–	127
Sub-total	32,361	47	9	–	32,417
Loss allowance	(44)	(3)	(5)	–	(52)
Amortised cost	32,317	44	4	–	32,365
Carrying amount – fair value	28,986	38	5	–	29,029

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 – Purchased or originated credit- impaired financial assets	Total
31 December 2024					
Debt securities under FVOCI					
AAA	1,162	–	–	–	1,162
AA	5,412	–	–	–	5,412
A	9,481	–	–	–	9,481
BBB	17,254	–	–	–	17,254
Below investment grade	733	16	–	–	749
CCC or not rated	256	21	–	–	277
Sub-total	34,298	37	–	–	34,335
Loss allowance	(41)	(5)	–	–	(46)
Amortised cost	34,257	32	–	–	34,289
Carrying amount – fair value	31,379	29	–	–	31,408

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 – Purchased or originated credit- impaired financial assets	Total
31 December 2022					
Loans and deposits under amortised cost					
AA	122	–	–	–	122
A	568	–	–	–	568
BBB	555	–	–	–	555
Below investment grade	269	–	–	–	269
CCC or not rated	19	–	–	–	19
Sub-total	1,533	–	–	–	1,533
Loss allowance	(3)	–	–	–	(3)
Carrying amount	1,530	–	–	–	1,530

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 – Purchased or originated credit- impaired financial assets	Total
31 December 2023					
Loans and deposits under amortised cost					
AAA	1	–	–	–	1
AA	51	–	–	–	51
A	90	–	–	–	90
BBB	541	–	–	–	541
Below investment grade	275	–	–	–	275
CCC or not rated	39	–	2	–	41
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Sub-total	997	–	2	–	999
Loss allowance	(2)	–	(1)	–	(3)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount	995	–	1	–	996

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 – Purchased or originated credit- impaired financial assets	Total
31 December 2024					
Loans and deposits under amortised cost					
AA	23	–	–	–	23
A	30	–	–	–	30
BBB	419	–	–	–	419
Below investment grade	395	–	–	–	395
CCC or not rated	41	–	2	–	43
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Sub-total	908	–	2	–	910
Loss allowance	(6)	–	(2)	–	(8)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount	902	–	–	–	902

The following tables show reconciliation from the opening balance to the closing balance of the loss allowance of the debt securities at FVOCI and loans and deposits measured at amortised cost.

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 – Purchased or originated credit- impaired financial assets	Total
Debt securities under FVOCI					
As at 1 January 2022	(19)	–	(5)	–	(24)
Net remeasurement of loss allowance	(20)	–	–	–	(20)
New financial assets acquired	(7)	–	–	–	(7)
Financial assets derecognised	2	–	–	–	2
Effects of movements in exchange rates	(1)	–	–	–	(1)
As at 31 December 2022	(45)	–	(5)	–	(50)

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 – Purchased or originated credit- impaired financial assets	Total
Debt securities under FVOCI					
As at 1 January 2023	(45)	–	(5)	–	(50)
Transfer to Stage 2	1	(1)	–	–	–
Net remeasurement of loss allowance	–	(2)	–	–	(2)
New financial assets acquired	(7)	–	–	–	(7)
Financial assets derecognised	7	–	–	–	7
As at 31 December 2023	(44)	(3)	(5)	–	(52)

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 – Purchased or originated credit- impaired financial assets	Total
Debt securities under FVOCI					
As at 1 January 2024	(44)	(3)	(5)	–	(52)
Net remeasurement of loss allowance	2	(5)	–	–	(3)
New financial assets acquired	(8)	–	–	–	(8)
Financial assets derecognised	9	3	5	–	17
As at 31 December 2024	(41)	(5)	–	–	(46)

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 – Purchased or originated credit- impaired financial assets	Total
Loans and deposits under amortised cost					
As at 1 January 2022	(1)	–	–	–	(1)
Net remeasurement of loss allowance	(1)	–	–	–	(1)
New financial assets acquired	(1)	–	–	–	(1)
As at 31 December 2022	(3)	–	–	–	(3)

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 – Purchased or originated credit- impaired financial assets	Total
Loans and deposits under amortised cost					
As at 1 January 2023	(3)	–	–	–	(3)
Transfer to Stage 3	1	–	(1)	–	–
As at 31 December 2023	(2)	–	(1)	–	(3)

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 – Purchased or originated credit- impaired financial assets	Total
Loans and deposits under amortised cost					
As at 1 January 2024	(2)	–	(1)	–	(3)
Net remeasurement of loss allowance	(3)	–	(1)	–	(4)
New financial assets acquired	(1)	–	–	–	(1)
As at 31 December 2024	(6)	–	(2)	–	(8)

The following tables provides an explanation of how significant changes in the gross carrying amounts of financial instruments contributed to changes in the loss allowance.

US\$m	Increase/ (decrease) in gross carrying amount	Increase/(decrease) in loss allowance		
		Stage 1	Stage 2	Stage 3
Year ended 31 December 2022				
Debt securities under FVOCI				
Acquisition during the year	7,752	(7)	–	–
Derecognition during the year	(5,978)	2	–	–
Loans and deposits under amortised cost				
Acquisition during the year	903	(1)	–	–
Derecognition during the year	(265)	–	–	–

US\$m	Increase/ (decrease) in gross carrying amount	Increase/(decrease) in loss allowance		
		Stage 1	Stage 2	Stage 3
Year ended 31 December 2023				
Debt securities under FVOCI				
Acquisition during the year	7,822	(7)	–	–
Derecognition during the year	(9,847)	7	–	–
Loans and deposits under amortised cost				
Acquisition during the year	493	–	–	–
Derecognition during the year	(1,061)	–	–	–

US\$m	Increase/ (decrease) in gross carrying amount	Increase/(decrease) in loss allowance		
		Stage 1	Stage 2	Stage 3
Year ended 31 December 2024				
Debt securities under FVOCI				
Acquisition during the year	12,097	(8)	–	–
Derecognition during the year	(9,199)	9	3	5
Loans and deposits under amortised cost				
Acquisition during the year	395	(1)	–	–
Derecognition during the year	(459)	–	–	–

The contractual amount outstanding on financial assets written off during the years ended 31 December 2022, 2023 and 2024 that are still subject to enforcement activity is US\$nil, US\$nil and US\$nil.

Interest rate risk

The Group's exposure to interest rate risk predominantly arises from any difference between the duration of the Group's liabilities and assets, predominantly its traditional insurance liabilities. This exposure is heightened in products with inherent interest rate options or guarantees.

The Group seeks to manage interest rate risk by ensuring appropriate product design and underlying assumptions as part of the product approval process and by matching, to the extent possible and appropriate, the duration of investment assets with the duration of insurance contracts. Given the long duration of policy liabilities and the uncertainty of future cash flows arising from these contracts, it is challenging to acquire assets that will perfectly match the policy liabilities. This results in interest rate risk, which is managed and monitored by the Asset and Liability Management Committee of the Group. The duration of interest-bearing financial assets is regularly reviewed and monitored by referencing the estimated duration of insurance contract liabilities.

The table below summarises the nature of the interest rate risk associated with financial assets and financial liabilities.

US\$m	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
31 December 2022				
Financial assets				
Debt securities	2,228	30,391	6	32,625
Cash and cash equivalents	1,474	–	–	1,474
Loans and deposits	–	1,530	–	1,530
Equity securities	–	–	381	381
Interests in investment funds	–	–	7,576	7,576
Derivative financial instruments	–	–	319	319
Accrued investment income	–	–	246	246
Other assets	12	–	213	225
Total financial assets	3,714	31,921	8,741	44,376
Insurance and reinsurance contract assets				
Insurance contract assets				722
Reinsurance contract assets				725
Total insurance and reinsurance contract assets				1,447
Financial liabilities				
Borrowings ¹	–	2,216	–	2,216
Other liabilities	8	665	730	1,403
Derivative financial instruments	–	–	134	134
Total financial liabilities	8	2,881	864	3,753
Insurance and reinsurance contract liabilities				
Insurance contract liabilities				37,019
Reinsurance contract liabilities				463
Total insurance and reinsurance contract liabilities				37,482

US\$m	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
31 December 2023				
Financial assets				
Debt securities	2,501	28,492	6	30,999
Cash and cash equivalents	2,008	–	–	2,008
Loans and deposits	–	996	–	996
Equity securities	–	–	675	675
Interests in investment funds	–	–	8,667	8,667
Derivative financial instruments	–	–	218	218
Accrued investment income	–	–	263	263
Other assets	–	–	419	419
Total financial assets	4,509	29,488	10,248	44,245
Insurance and reinsurance contract assets				
Insurance contract assets				798
Reinsurance contract assets				2,876
Total insurance and reinsurance contract assets				3,674
Financial liabilities				
Borrowings ¹	496	2,035	–	2,531
Other liabilities	–	387	672	1,059
Derivative financial instruments	–	–	416	416
Total financial liabilities	496	2,422	1,088	4,006
Insurance and reinsurance contract liabilities				
Insurance contract liabilities				40,073
Reinsurance contract liabilities				304
Total insurance and reinsurance contract liabilities				40,377

US\$m	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
31 December 2024				
Financial assets				
Debt securities	4,257	28,901	–	33,158
Cash and cash equivalents	1,687	–	–	1,687
Loans and deposits	–	902	–	902
Equity securities	–	–	221	221
Interests in investment funds	–	–	9,103	9,103
Derivative financial instruments	–	–	285	285
Accrued investment income	–	–	279	279
Other assets	–	–	259	259
Total financial assets	5,944	29,803	10,147	45,894
Insurance and reinsurance contract assets				
Insurance contract assets				683
Reinsurance contract assets				2,696
Total insurance and reinsurance contract assets				3,379
Financial liabilities				
Borrowings ¹	996	1,797	–	2,793
Other liabilities	–	435	739	1,174
Derivative financial instruments	–	–	528	528
Total financial liabilities	996	2,232	1,267	4,495
Insurance and reinsurance contract liabilities				
Insurance contract liabilities				41,646
Reinsurance contract liabilities				366
Total insurance and reinsurance contract liabilities				42,012

Note:

- 1 Borrowings of US\$992m, US\$496m and US\$nil as at 31 December 2022, 2023 and 2024, respectively, bear variable interest rates and are hedged with interest rate swaps. Refer to Note 20 for details.

The analysis below illustrates the sensitivity of shareholders' equity to changes in interest rates. The analysis illustrates the impact of changing interest rates in isolation, and does not quantify potential impacts arising from changes in other assumptions.

US\$m	Impact on profit before tax	Impact on other components of equity (before the effects of taxation)	Impact on shareholders' allocated equity (before the effects of taxation)	Impact on CSM
31 December 2022				
+50 basis points shift in yield curves				
Insurance contracts and reinsurance contracts held	(9)	1,635	(9)	36
Financial instruments	35	(1,526)	35	–
	26	109	26	36
- 50 basis points shift in yield curves				
Insurance contracts and reinsurance contracts held	(3)	(1,800)	(3)	(67)
Financial instruments	(40)	1,689	(40)	–
	(43)	(111)	(43)	(67)
31 December 2023				
+50 basis points shift in yield curves				
Insurance contracts and reinsurance contracts held	11	1,332	11	11
Financial instruments	(21)	(1,436)	(21)	–
	(10)	(104)	(10)	11
- 50 basis points shift in yield curves				
Insurance contracts and reinsurance contracts held	(41)	(1,454)	(41)	(46)
Financial instruments	24	1,587	24	–
	(17)	133	(17)	(46)
31 December 2024				
+50 basis points shift in yield curves				
Insurance contracts and reinsurance contracts held	108	1,270	108	74
Financial instruments	(91)	(1,464)	(91)	–
	17	(194)	17	74
- 50 basis points shift in yield curves				
Insurance contracts and reinsurance contracts held	(128)	(1,385)	(128)	(106)
Financial instruments	104	1,611	104	–
	(24)	226	(24)	(106)

Equity price risk

The Group's equity price risk exposure relates to financial assets and liabilities whose values fluctuate as a result of changes in market prices.

The Group manages these risks by setting and monitoring investment limits by asset types and sectors. The Group's principal price risk relates to movement in the fair value of its equity securities and interest in investment funds.

Equity price risk is managed through the selection process of equity funds and portfolio criteria for segregated equity mandates, which includes tracking errors based on benchmarks or specific concentration limits. Lower exposure limits are set for each private equity investment to manage concentration risk with the consideration of liquidity in nature.

The analysis below illustrates the estimated impact on profits and shareholders' equity arising from a change in a single variable before taking into account the effects of taxation.

US\$m	Impact on profit before tax	Impact on other components of equity (before the effects of taxation)	Impact on shareholders' allocated equity (before the effects of taxation)	Impact on CSM
31 December 2022				
10 per cent increase in equity prices				
Insurance contracts and reinsurance contracts held	(542)	–	(542)	61
Financial instruments	695	–	695	–
	153	–	153	61
10 per cent decrease in equity prices				
Insurance contracts and reinsurance contracts held	538	–	538	(56)
Financial instruments	(695)	–	(695)	–
	(157)	–	(157)	(56)
31 December 2023				
10 per cent increase in equity prices				
Insurance contracts and reinsurance contracts held	(613)	1	(613)	121
Financial instruments	777	–	777	–
	164	1	164	121
10 per cent decrease in equity prices				
Insurance contracts and reinsurance contracts held	598	(1)	598	(119)
Financial instruments	(777)	–	(777)	–
	(179)	(1)	(179)	(119)

US\$m	Impact on profit before tax	Impact on other components of equity (before the effects of taxation)	Impact on shareholders' allocated equity (before the effects of taxation)	Impact on CSM
31 December 2024				
10 per cent increase in equity prices				
Insurance contracts and reinsurance contracts held	(593)	1	(585)	122
Financial instruments	721	–	709	–
	<u>128</u>	<u>1</u>	<u>124</u>	<u>122</u>
10 per cent decrease in equity prices				
Insurance contracts and reinsurance contracts held	582	(1)	574	(108)
Financial instruments	(715)	–	(703)	–
	<u>(133)</u>	<u>(1)</u>	<u>(129)</u>	<u>(108)</u>

Foreign exchange rate risk

The Group's financial assets are predominantly denominated in the same currencies as its insurance liabilities, which serves to mitigate the foreign exchange rate risk. The level of currency risk the Group accepts is managed and monitored by the Group Asset and Liability Management Committee, through regular monitoring of currency positions of financial assets and insurance contracts.

Foreign currency transaction risk arising from insurance and reinsurance contracts is managed by holding cash and investing in assets denominated in currencies that match the related liabilities, to the extent that it is deemed by local management to be both practical and appropriate. The Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. Foreign currency transaction risk arising from the underlying items of participating contracts is generally borne by contract holders except to the extent of the Group's share of the performance of the underlying items.

The Group has more United States dollar denominated assets than it has corresponding United States dollar denominated liabilities due to the much deeper pool of investment assets available in United States dollars. As a result, some of the United States dollar-denominated assets are used to back Hong Kong dollar denominated liabilities. This currency mismatch is then hedged, using foreign currency forward contracts, to reduce the currency risk. The Group's foreign currency derivative contracts are established to economic hedge financial exposures. The Group adopts hedge accounting in limited circumstances, as explained below.

Hedge accounting

The Group's major hedging activity is to hedge USD foreign currency risk exposure of cash flow variability arising from the debt investments held by certain business units through foreign currency derivatives. The hedges were determined to be fully effective as the carrying value of the hedged items did not drop below the notional amount of the hedging instruments throughout the hedging period. For foreign exchange forward contracts, the Group designates the spot elements to hedge its currency risk, with the forward elements excluded from the designation and separately accounted for as a cost of hedging.

As at 31 December 2024, the Group held the following instruments to hedge exposures to changes in foreign exchange rate:

Foreign currency derivatives	1-6 months	Maturity 6-12 months	Over 1 year	Total
Carrying amount (in US\$m)				
Derivative assets	3	2	17	22
Derivative liabilities	(7)	–	(84)	(91)
Net exposure – notional amount (in US\$m)	478	69	757	1,304
Weighted average contracted rate				
USD: JPY	143.7	–	101.1	
USD: THB	33.8	35.9	35.7	
JPY: USD	–	–	109.0	

As at 31 December 2022 and 2023, the hedging instruments held by the Group for hedging exposures to changes in foreign exchange rate were insignificant.

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency risk, the Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows, and enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency risk, ineffectiveness may arise if there are changes in the credit risk of the derivative counterparty. Hedging ineffectiveness in relation to the Group's hedges of foreign currency risk was insignificant during the years ended 31 December 2022, 2023 and 2024.

Exposure to foreign exchange rate and sensitivity analysis on foreign exchange rate risk

The Group's foreign currency exposures and the estimated impact of changes in foreign exchange rates are set out in the tables below after taking into account derivative contracts entered into to hedge foreign exchange rate risk. Currencies for which net exposure is not significant are excluded from the analysis below.

In compiling the table below, the impact of a five percent strengthening of original currency of the relevant operation is stated relative to the functional currency of the Group (US dollar). The impact of a five percent strengthening of the US dollar is also stated relative to the original currency of the relevant operation. Currency exposure reflects the net notional amount of currency derivative positions as well as net financial instruments and insurance and reinsurance contract balances by currency.

US\$m	United States Dollar	Hong Kong Dollar	Thai Baht	Japanese Yen
31 December 2022				
Financial assets	20,813	1,385	14,387	3,514
Financial liabilities	(2,852)	(204)	(171)	(145)
Insurance and reinsurance contract assets	34	182	13	896
Insurance and reinsurance contract liabilities	(11,571)	(4,203)	(13,625)	(6,788)
Net notional amounts of currency derivatives	(5,076)	2,687	1,209	3,209
5% strengthening of original currency				
Impact on profit before tax				
Financial instruments	62	198	1	1
Insurance contracts and reinsurance contracts held	(28)	(225)	–	–
Impact on total equity				
Financial instruments	–	193	719	165
Insurance contracts and reinsurance contracts held	–	(201)	(680)	(294)
Impact on CSM				
Insurance contracts and reinsurance contracts held	–	43	58	106
5% strengthening of US dollar				
Impact on profit before tax				
Financial instruments	62	(187)	(1)	(1)
Insurance contracts and reinsurance contracts held	(28)	212	–	–
Impact on total equity				
Financial instruments	–	(183)	(719)	(165)
Insurance contracts and reinsurance contracts held	–	190	680	294
Impact on CSM				
Insurance contracts and reinsurance contracts held	–	(39)	(58)	(106)

US\$m	United States Dollar	Hong Kong Dollar	Thai Baht	Japanese Yen
31 December 2023				
Financial assets	20,599	1,352	15,035	2,561
Financial liabilities	(2,934)	(198)	(178)	(105)
Insurance and reinsurance contract assets	118	109	26	3,134
Insurance and reinsurance contract liabilities	(12,560)	(4,233)	(14,697)	(6,847)
Net notional amounts of currency derivatives	(3,899)	2,319	1,078	1,699
5% strengthening of original currency				
Impact on profit before tax				
Financial instruments	71	178	(4)	1
Insurance contracts and reinsurance contracts held	(37)	(229)	–	–
Impact on total equity				
Financial instruments	–	173	748	120
Insurance contracts and reinsurance contracts held	–	(206)	(733)	(186)
Impact on CSM				
Insurance contracts and reinsurance contracts held	–	43	63	81
5% strengthening of US dollar				
Impact on profit before tax				
Financial instruments	71	(168)	4	(1)
Insurance contracts and reinsurance contracts held	(37)	217	–	–
Impact on total equity				
Financial instruments	–	(164)	(748)	(120)
Insurance contracts and reinsurance contracts held	–	196	733	186
Impact on CSM				
Insurance contracts and reinsurance contracts held	–	(39)	(63)	(81)

US\$m	United States Dollar	Hong Kong Dollar	Thai Baht	Japanese Yen
31 December 2024				
Financial assets	22,271	968	15,456	2,187
Financial liabilities	(3,376)	(186)	(133)	(84)
Insurance and reinsurance contract assets	313	66	42	2,690
Insurance and reinsurance contract liabilities	(14,465)	(4,072)	(15,312)	(5,613)
Net notional amounts of currency derivatives	(5,332)	3,185	1,651	1,271
5% strengthening of original currency				
Impact on profit before tax				
Financial instruments	75	201	5	1
Insurance contracts and reinsurance contracts held	(43)	(229)	–	–
Impact on total equity				
Financial instruments	–	197	857	166
Insurance contracts and reinsurance contracts held	–	(200)	(764)	(146)
Impact on CSM				
Insurance contracts and reinsurance contracts held	–	40	62	75
5% strengthening of US dollar				
Impact on profit before tax				
Financial instruments	75	(190)	(5)	(1)
Insurance contracts and reinsurance contracts held	(43)	215	–	–
Impact on total equity				
Financial instruments	–	(187)	(857)	(166)
Insurance contracts and reinsurance contracts held	–	188	764	146
Impact on CSM				
Insurance contracts and reinsurance contracts held	–	(36)	(62)	(75)

Liquidity risk

Liquidity risk primarily refers to the possibility of having insufficient cash available to meet payment obligations when they become due. The Group is exposed to liquidity risk in respect of insurance contracts that permit surrender, withdrawal or other forms of early termination for a cash surrender value specified in the contractual terms and conditions.

To manage liquidity risk the Group has implemented a variety of measures, with an emphasis on flexible insurance product design, so that it can retain the greatest flexibility to adjust contract pricing or crediting rates. The Group also seeks to match, to the extent possible and appropriate, the duration of its investment assets with the duration of its insurance contracts. The Group performs regular monitoring of its liquidity position through cash flow projections.

The table below summarises financial assets and liabilities of the Group into their relevant maturity groupings based on the remaining period at the end of the reporting year to their contractual maturities or expected repayment dates. Most of the Group's assets are used to support its insurance contract liabilities. Refer to Note 18 for additional information on the Group's insurance contract liabilities, as well as to the Insurance Risks section within this note.

US\$m	Total	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	No fixed maturity
31 December 2022								
Financial and insurance contract assets								
Fair value through OCI debt securities	30,815	1,016	741	1,511	2,142	1,339	24,066	–
Fair value through profit or loss debt securities, equity securities and interests in investment funds	9,767	114	28	20	31	159	1,458	7,957
Loans and deposits	1,530	846	152	77	45	56	354	–
Derivatives financial instruments	319	170	14	16	24	67	28	–
Insurance contract asset (Estimated PV of future cash flow)	1,876	128	103	92	85	81	1,387	–
Reinsurance contract asset (Estimated PV of future cash flow)	(239)	672	(77)	(96)	(69)	(51)	(618)	–
Other assets	471	442	8	7	1	1	12	–
Cash and cash equivalents	1,474	1,474	–	–	–	–	–	–
Total	46,013	4,862	969	1,627	2,259	1,652	26,687	7,957
Financial and insurance contract liabilities								
Insurance contract liabilities (Estimated PV of future cash flow)	(31,172)	(2,920)	(2,137)	(1,800)	(1,757)	(1,735)	(20,823)	–
Reinsurance contract liabilities (Estimated PV of future cash flow)	(542)	(743)	30	53	24	9	85	–
Investment contract liabilities	(197)	–	–	–	–	–	(197)	–
Borrowings	(2,216)	–	(2,216)	–	–	–	–	–
Derivative financial instruments	(134)	(51)	(26)	(15)	(9)	(10)	(23)	–
Other liabilities	(1,290)	(1,257)	(1)	(24)	(2)	(1)	(5)	–
Lease liabilities	(113)	(49)	(20)	(20)	(12)	(12)	–	–
Total	(35,664)	(5,020)	(4,370)	(1,806)	(1,756)	(1,749)	(20,963)	–

US\$m	Total	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	No fixed maturity
31 December 2023								
Financial and insurance								
contract assets								
Fair value through OCI								
debt securities	29,029	764	744	1,767	937	1,238	23,579	–
Fair value through profit								
or loss debt securities,								
equity securities and								
interests in investment								
funds	11,312	40	13	25	155	6	1,731	9,342
Loans and deposits	996	326	156	92	54	35	333	–
Derivatives financial								
instruments	218	61	16	18	8	100	15	–
Insurance contract asset								
(Estimated PV of future								
cash flow)	1,899	(996)	189	129	121	122	2,334	–
Reinsurance contract								
asset (Estimated PV of								
future cash flow)	2,690	416	142	125	111	106	1,790	–
Other assets	682	654	6	7	1	4	10	–
Cash and cash								
equivalents	2,008	2,008	–	–	–	–	–	–
Total	48,834	3,273	1,266	2,163	1,387	1,611	29,792	9,342
Financial and insurance								
contract liabilities								
Insurance contract								
liabilities (Estimated PV								
of future cash flow)	(35,178)	(2,844)	(2,245)	(2,033)	(1,931)	(1,665)	(24,460)	–
Reinsurance contract								
liabilities (Estimated PV								
of future cash flow)	(418)	(140)	(20)	(18)	(16)	(15)	(209)	–
Investment contract								
liabilities	(56)	–	–	–	–	–	(56)	–
Borrowings	(2,531)	(1,222)	(992)	–	–	–	(317)	–
Derivative financial								
instruments	(416)	(199)	(77)	(40)	(48)	(42)	(10)	–
Other liabilities	(937)	(911)	(26)	–	–	–	–	–
Lease liabilities	(122)	(54)	(27)	(18)	(16)	(4)	(3)	–
Total	(39,658)	(5,370)	(3,387)	(2,109)	(2,011)	(1,726)	(25,055)	–

APPENDIX I

ACCOUNTANTS' REPORT

US\$m	Total	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	No fixed maturity
31 December 2024								
Financial and insurance								
contract assets								
Fair value through OCI								
debt securities	31,408	1,244	1,535	884	1,223	1,308	25,214	–
Fair value through profit								
or loss debt securities,								
equity securities and								
interests in investment								
funds	11,074	40	44	153	6	16	1,491	9,324
Loans and deposits	902	246	277	54	19	16	290	–
Derivatives financial								
instruments	285	142	29	22	52	6	34	–
Insurance contract asset								
(Estimated PV of future								
cash flow)	1,693	293	87	84	72	71	1,086	–
Reinsurance contract								
asset (Estimated PV of								
future cash flow)	2,565	338	135	122	116	117	1,737	–
Other assets	538	507	13	2	7	1	8	–
Cash and cash								
equivalents	1,687	1,687	–	–	–	–	–	–
Total	50,152	4,497	2,120	1,321	1,495	1,535	29,860	9,324
Financial and insurance								
contract liabilities								
Insurance contract								
liabilities (Estimated PV								
of future cash flow)	(36,690)	(4,112)	(2,308)	(2,156)	(1,861)	(1,789)	(24,464)	–
Reinsurance contract								
liabilities (Estimated PV								
of future cash flow)	(429)	(35)	(24)	(22)	(20)	(18)	(310)	–
Investment contract								
liabilities	(32)	–	–	–	–	–	(32)	–
Borrowings	(2,793)	(996)	–	–	–	(887)	(910)	–
Derivative financial								
instruments	(528)	(172)	(95)	(127)	(97)	(19)	(18)	–
Other liabilities	(1,068)	(1,062)	–	–	(1)	–	(5)	–
Lease liabilities	(106)	(40)	(25)	(22)	(9)	(5)	(5)	–
Total	(41,646)	(6,417)	(2,452)	(2,327)	(1,988)	(2,718)	(25,744)	–

The amounts payable on demand in the insurance contract liabilities represent the policyholders' account values of US\$34,820m, US\$37,720m and US\$38,391m as at 31 December 2022, 2023 and 2024, respectively.

Transactions within the Group

Intra-group transactions are overseen by the relevant Group Office functions to ensure adherence with the relevant Group policies. The Group risk function oversees the processes to identify and assess material systematic intra-group transaction risks, and ensure risks assumed are within the Group's risk management framework. During the years ended 31 December 2022, 2023 and 2024, material intra-group transactions related to reinsurance, intra-group dividends, loans, recharges, funding and bonds.

30 EMPLOYEE BENEFIT OBLIGATIONS**(a) Defined benefit plans**

The Group operates funded and unfunded benefit plans that provide life and medical benefits for participating employees after retirement and a lump sum benefit on cessation of employment. The locations covered by these plans include Thailand, Japan, the Philippines and Indonesia. The independent actuaries' valuation of the plans as at 31 December 2022, 2023 and 2024 were prepared by external credentialed actuaries. All the actuaries are qualified members of professional actuarial organisations to render the actuarial opinions. The latest actuarial valuations indicate that the Group's obligations under these defined benefit retirement plans are 59%, 58% and 57% as at 31 December 2022, 2023 and 2024, respectively, covered by the plan assets held by the trustees. The fair value of plan assets was US\$20m, US\$21m and US\$23m as at 31 December 2022, 2023 and 2024, respectively. The total expenses relating to these plans recognised in the consolidated income statements was US\$4m, US\$6m and US\$7m for the years ended 31 December 2022, 2023 and 2024, respectively.

(b) Defined contribution plans

The Group operates a number of defined contribution pension plans. The total expenses relating to these plans recognised in the consolidated income statements for the years ended 31 December 2022, 2023 and 2024 was US\$18m, US\$21m and US\$24m, respectively. Employees and the employers are required to make monthly contributions equal to a certain percentage of the employee's monthly basic salaries, depending on the jurisdictions and the years of service and subject to any applicable caps of monthly relevant income in different jurisdictions. For defined contribution pension plans with vesting conditions, any forfeited contributions by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions are used by the employer to reduce any future contributions. The amount of forfeited contributions used to reduce the existing level of contributions is not material.

31 SHARE-BASED COMPENSATION

During the years ended 31 December 2022, 2023 and 2024, the Group operated the Share Option and RSU Plan to reward eligible persons for their services and the achievement of shareholder value targets. These RSUs and share options are in the form of a contingent right to receive ordinary shares or a conditional allocation of ordinary shares. These awards have vesting periods of up to four years and are at nil or nominal cost to the eligible person. Saved for in certain circumstances, vesting of awards is conditional upon the eligible person being in active employment at the time of vesting. Vesting of certain other awards is, in addition, subject to certain performance conditions. Award holders do not have any right to dividends or voting rights attaching to the shares prior to delivery of the shares. Each share option has a 10-year exercise period.

On 30 January 2022, the Board of Directors approved a new Share Award Plan and a new Employee Share Purchase Plan to attract and retain eligible persons.

Details of outstanding RSUs and share options as at 31 December 2022, 2023 and 2024 under the Group's Share Option and RSU Plan are disclosed below.

(i) RSUs

The following table shows the movement in outstanding RSU under the Group's Share Option and RSU Plan:

Number of shares	Year ended 31 December		
	2022	2023	2024
Outstanding at beginning of the year	931,328	1,991,586	1,775,456
Awarded	1,784,128	1,232,612	–
Forfeited	(513,666)	(1,247,142)	(579,738)
Vested	(210,204)	(201,600)	(369,308)
Outstanding at end of the year	1,991,586	1,775,456	826,410

During the year ended 31 December 2024, the awards under the Share Option and RSU Plan were granted based on fixed monetary value, in which the number of RSUs will be determined at a later stage based on the details set out in the Share Option and RSU Plan. The awards granted based on fixed monetary value are not included in the above table.

Valuation methodology

For awards granted, the fair value of the awards with performance conditions is calculated by using an appraisal value methodology (Embedded Value plus a multiple of Value of New Business) and market valuation approach, where applicable, and an assessment of performance conditions, taking into account the terms and conditions upon which the awards were granted. The fair value calculated for the awards is inherently subjective due to the assumptions made.

The total fair value of RSUs granted during the years ended 31 December 2022, 2023 and 2024 was US\$95m, US\$69m and US\$44m, respectively.

Recognised compensation cost

The fair value of the employee services received in exchange for the grant of RSUs is recognised as an expense in profit or loss over the vesting period with a corresponding amount recorded in equity.

The total expense recognised in the consolidated financial statements related to RSUs granted under the Share Option and RSU Plan by the Group for the years ended 31 December 2022, 2023 and 2024 was US\$18m, US\$13m and US\$18m, respectively.

During the years ended 31 December 2022, 2023 and 2024, the Board of Directors approved grants of the Company's Management Shares to non-executive directors and Independent non-executive directors with total fair value of US\$nil, US\$7m and US\$nil, respectively, which was recognised as expense in the consolidated financial statements.

(ii) Share options

The following table shows the movement in outstanding share options under the Group's Share Option and RSU Plan:

Number of share-options	Year ended 31 December		
	2022	2023	2024
Outstanding at beginning of the year	410,511	237,063	46,563
Awarded	29,958	24,000	8,655
Forfeited	(42,528)	(6,945)	–
Vested	(160,878)	(207,555)	(19,332)
Outstanding at end of the year	237,063	46,563	35,886

Valuation methodology

To calculate the fair value of the awards with performance conditions, the Group estimates the fair value of share options using the Black-Scholes model and an assessment of performance conditions, taking into account the terms and conditions upon which the awards were granted. The fair value calculated for share awards is inherently subjective due to the assumptions made.

The total fair value of share options granted for the Group during the years ended 31 December 2022, 2023 and 2024 was US\$2m, US\$1m and US\$1m, respectively.

Recognised compensation cost

The fair value of the employee services received in exchange for the grant of share options is recognised as an expense in profit or loss over the vesting period with a corresponding amount recorded in equity.

The total expense recognised in the consolidated financial statements related to share options granted under the Share Option and RSU Plan by the Group for the years ended 31 December 2022, 2023 and 2024 was US\$8m, US\$3m and US\$1m, respectively.

32 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL**Directors' remuneration**

The Executive Directors receive compensations in the form of salaries, share-based payments, contributions to pension schemes and benefits in kind subject to applicable laws, rules and regulations. Share-based payments represent the variable components in the Executive Director's compensation and are linked to the performance of the Group and the individual Executive Director. Details of share-based payment scheme are described in Note 31.

Executive Directors

US\$	Director's fees	Salaries, allowances and benefits in kind ¹	Bonuses	Share-based payments ²	Pension scheme contributions	Total
Year ended						
31 December 2022						
Executive Directors						
Huynh Thanh Phong ³	–	1,204,465	995,526	(4,702,611)	–	(2,502,620)
Li Tzar Kai, Richard	–	–	–	–	–	–
Total	–	1,204,465	995,526	(4,702,611)	–	(2,502,620)

US\$	Director's fees	Salaries, allowances and benefits in kind ¹	Bonuses	Share-based payments ²	Pension scheme contributions	Total
Year ended						
31 December 2023						
Executive Directors						
Huynh Thanh Phong ³	–	1,586,408	2,846,700	(4,522,416)	–	(89,308)
Li Tzar Kai, Richard	–	–	–	–	–	–
Total	–	1,586,408	2,846,700	(4,522,416)	–	(89,308)

US\$	Director's fees	Salaries, allowances and benefits in kind ¹	Bonuses	Share-based payments ²	Pension scheme contributions	Total
Year ended						
31 December 2024						
Executive Directors						
Huynh Thanh Phong ³	–	1,592,065	1,831,896	–	–	3,423,961
Li Tzar Kai, Richard	–	–	–	–	–	–
Total	–	1,592,065	1,831,896	–	–	3,423,961

Notes:

- 1 Includes non-cash benefits for medical and life insurance, club and professional membership.
- 2 Includes amortised expenses for unvested Share Options and RSU based on the fair value at the respective grant dates.
- 3 Huynh Thanh Phong is the Group Chief Executive Officer during the years presented. He receives his remuneration exclusively for his role as Group Chief Executive Officer and receives no separate fees for his role as Director of the Company or for acting as a director of any subsidiary of the Company.

Non-executive Directors

US\$	Director's fees ¹	Salaries, allowances and benefits in kind	Bonuses	Share-based payments ²	Pension scheme contributions	Total
Year ended						
31 December 2022						
Non-executive Directors						
Ronald Joseph Arculli ³	2,400,000	–	–	204,190	–	2,604,190
Guido Fürer ⁴	–	–	–	–	–	–
Walter Bruno Kielholz	146,663	–	–	–	–	146,663
Sun Po Yuen ⁵	37,387	–	–	–	–	37,387
John Robert Dacey ⁶	–	–	–	–	–	–
Total	2,584,050	–	–	204,190	–	2,788,240

US\$	Director's fees ¹	Salaries, allowances and benefits in kind	Bonuses	Share-based payments ²	Pension scheme contributions	Total
Year ended						
31 December 2023						
Non-executive Directors						
Walter Bruno Kielholz	167,042	–	–	1,000,000	–	1,167,042
John Robert Dacey ⁶	–	–	–	–	–	–
Total	167,042	–	–	1,000,000	–	1,167,042

US\$	Director's fees ¹	Salaries, allowances and benefits in kind	Bonuses	Share- based payments ²	Pension scheme contributions	Total
Year ended						
31 December 2024						
Non-executive Directors						
Walter Bruno Kielholz	206,249	–	–	–	–	206,249
John Robert Dacey ⁶	–	–	–	–	–	–
Total	206,249	–	–	–	–	206,249

Notes:

- 1 All directors receive the fees for their role as a Director of the Company and as a director of subsidiaries of the Company.
- 2 Includes amortised expenses for unvested Share Options and RSU based on the fair value at the respective grant dates.
- 3 Ronald Joseph Arculli resigned on 30 December 2022.
- 4 Guido Fürer resigned on 15 December 2022.
- 5 Sun Po Yuen was appointed as a Non-executive Director of the Company on 18 October 2022 and redesignated as an Independent Non-executive Director of the Company on 6 October 2023.
- 6 John Robert Dacey was appointed as a Non-executive Director of the Company on 15 December 2022.

Independent Non-executive Directors

US\$	Director's fees ¹	Salaries, allowances and benefits in kind	Bonuses	Share- based payments ³	Pension scheme contributions	Total
Year ended						
31 December 2022						
Independent Non-executive Directors						
Chung Martina Kit Hung	263,650	–	–	–	–	263,650
Dirk Marinus Sluimers	171,798	–	–	–	–	171,798
John Russell Baird	244,958	–	–	–	–	244,958
Kyoko Hattori	192,866	–	–	–	–	192,866
Ma Si Hang Frederick	649,752	–	–	–	–	649,752
Yijia Tiong	166,974	–	–	–	–	166,974
Total	1,689,998	–	–	–	–	1,689,998

US\$	Director's fees ¹	Salaries, allowances and benefits in kind	Bonuses	Share-based payments ³	Pension scheme contributions	Total
Year ended						
31 December 2023						
Independent Non-executive Directors						
Chung Martina Kit Hung	174,451	–	–	1,500,000	–	1,674,451
Dirk Marinus Sluimers	206,003	–	–	–	–	206,003
John Russell Baird	236,134	–	–	1,200,000	–	1,436,134
Kyoko Hattori	205,345	–	–	500,000	–	705,345
Ma Si Hang Frederick	999,579	–	–	1,700,000	–	2,699,579
Yijia Tiong	206,573	–	–	100,000	–	306,573
Sun Po Yuen ²	183,145	–	–	100,000	–	283,145
Total	2,211,230	–	–	5,100,000	–	7,311,230

US\$	Director's fees ¹	Salaries, allowances and benefits in kind	Bonuses	Share-based payments ³	Pension scheme contributions	Total
Year ended						
31 December 2024						
Independent Non-executive Directors						
Chung Martina Kit Hung	185,171	–	–	–	–	185,171
Dirk Marinus Sluimers	224,490	–	–	500,000	–	724,490
John Russell Baird	234,048	–	–	–	–	234,048
Kyoko Hattori	248,483	–	–	–	–	248,483
Ma Si Hang Frederick	1,155,204	–	–	–	–	1,155,204
Yijia Tiong	235,952	–	–	–	–	235,952
Sun Po Yuen ²	207,242	–	–	–	–	207,242
Total	2,490,590	–	–	500,000	–	2,990,590

Notes:

- 1 All directors receive the fees for their role as a Director of the Company and as a director of subsidiaries of the Company.
- 2 Sun Po Yuen was appointed as a Non-executive Director of the Company on 18 October 2022 and redesignated as an Independent Non-executive Director of the Company on 6 October 2023.
- 3 Includes amortised expenses for unvested Share Options and RSU based on the fair value at the respective grant dates.

Remuneration of five highest-paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2022, 2023 and 2024 are as follows:

US\$	Director's fees ¹	Salaries, allowances and benefits in kind ²	Bonuses	Share-based payments ³	Long-term incentives	Pension scheme contributions	Other payments ⁴	Total
Year ended 31 December 2022	–	4,228,330	8,384,026	8,822,076	1,960,158	145,348	3,479,980	27,019,918
Year ended 31 December 2023	999,579	3,677,783	3,912,871	7,757,741	169,361	93,374	7,361,157	23,971,866
Year ended 31 December 2024	–	5,976,724	6,241,988	6,389,996	–	164,916	9,570,859	28,344,483

Notes:

- 1 Includes the fees for their role as a Director of the Company and as a director of subsidiaries of the Company.
- 2 Includes non-cash benefits for medical and life insurance, club and professional membership.
- 3 Includes amortised expenses for unvested Share Options and RSU based on the fair value at the respective grant dates.
- 4 Includes amortised expenses in relation to the awarded compensation to Key Management Personnel to incentivize and replace forfeited compensation on leaving their formal employment with their previous employers and termination benefits.

The emoluments fell within the following bands:

HK\$	Year ended 31 December		
	2022	2023	2024
21,000,001-21,500,000	–	1	–
22,500,001-23,000,000	–	1	–
26,500,001-27,000,000	–	–	2
27,500,001-28,000,000	1	–	–
28,500,001-29,000,000	–	–	1
29,500,001-30,000,000	–	1	1
31,000,001-31,500,000	1	–	–
31,500,001-32,000,000	1	–	–
32,500,001-33,000,000	–	1	–
38,500,001-39,000,000	1	–	–
81,000,001-81,500,000	–	1	–
82,000,001-82,500,000	1	–	–
108,500,001-109,000,000	–	–	1

Key management personnel remuneration

Key management personnel of the Group are those that have the authority and responsibility for planning, directing and controlling the activities of the Group. The summary of compensation of key management personnel is as follows.

US\$m	Year ended 31 December		
	2022	2023	2024
Short-term employee benefits	26	22	22
Share-based payments	(1)	9	13
Other benefits	2	9	6
Total	27	40	41

33 RELATED PARTY TRANSACTIONS**(a) Compensation of Directors and key management personnel of the Group:**

Remuneration of Directors and key management personnel is disclosed in Note 32.

(b) Transactions and balances with related parties:

The Group has transactions with certain related companies and these consolidated financial statements reflect the effect of these transactions which are conducted in accordance with terms mutually agreed between the parties. In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group had the following related party transactions during the reporting periods.

- (i) Related companies charged US\$35m, US\$35m and US\$30m for the provision of telecommunication, IT and investment advisory, advertising and consulting services to the Group for the years ended 31 December 2022, 2023 and 2024, respectively.
- (ii) The Group has underwritten various group insurance contracts with related companies. The total premium received from those contracts for the years ended 31 December 2022, 2023 and 2024 was US\$22m, US\$26m and US\$23m, respectively.
- (iii) The Group has entered into reinsurance contract arrangements with a related company. The total premiums ceded, claim recoveries received and commission income received for the year ended 31 December 2022 was US\$41m, US\$14m and US\$1m, respectively. The total premiums ceded, claim recoveries received and commission income received for the year ended 31 December 2023 was US\$45m, US\$22m and US\$2m, respectively. The total premiums ceded, claim recoveries received and commission income received for the year ended 31 December 2024 was US\$49m, US\$23m and US\$3m, respectively.
- (iv) The Group has accepted certain liabilities in connection with reinsurance contracts from related companies. The total premium revenue, claims incurred and commissions paid from these contracts for the year ended 31 December 2022 was US\$200m, US\$70m and US\$46m, respectively. The total premium revenue, claims incurred and commissions paid from these contracts for the year ended 31 December 2023 was US\$178m, US\$70m and US\$41m, respectively. The total premium revenue, claims incurred and commissions paid from these contracts for the year ended 31 December 2024 was US\$22m, US\$15m and US\$3m, respectively.
- (v) The Group charged related parties US\$2m, US\$1m and US\$1m for administration services during the years ended 31 December 2022, 2023 and 2024, respectively.
- (vi) The Group had a recapture fee payable to a related company of US\$nil, US\$193m and US\$nil as at 31 December 2022, 2023 and 2024, respectively.
- (vii) The Group has a call option with a 5-year exercise period pursuant to which the Group has the right to acquire a minority stake in the related party at a discounted price. As at 31 December 2022, 2023 and 2024, the fair value of the call option was US\$51m, US\$67m and US\$61m, respectively. The call option will be expired on 8 December 2025.
- (viii) The Group held financial investments of US\$90m, US\$98m and US\$23m issued or controlled by related parties as at 31 December 2022, 2023 and 2024, respectively.
- (ix) Related companies invested in the subordinated notes and perpetual securities issued by the Group with aggregate principal amounts of US\$175m, US\$144m and US\$nil as at 31 December 2022, 2023 and 2024, respectively. The total interest and distributions accrued to these related companies for the years ended 31 December 2022, 2023 and 2024 was US\$9m, US\$10m and US\$7m, respectively. Refer to Notes 25 and 27.3 for further details.
- (x) The Group has investment fund balances of US\$nil, US\$nil and US\$98m managed by a related company as at 31 December 2022, 2023 and 2024, respectively.

- (xi) The Group had amounts due from related companies of US\$7m, US\$6m and US\$7m as at 31 December 2022, 2023 and 2024, respectively. The amounts due are unsecured, interest-free and repayable on demand.
- (xii) In addition, the Group had outstanding payable to related companies of US\$4m, US\$3m and US\$5m as at 31 December 2022, 2023 and 2024, respectively. The payables due are unsecured, interest-free and repayable on demand.
- (xiii) The Company had outstanding payables to subsidiaries of US\$29m, US\$44m and US\$73m as at 31 December 2022, 2023 and 2024, respectively. The Company had outstanding receivables from subsidiaries of US\$nil, US\$3,947m and US\$3,591m as at 31 December 2022, 2023 and 2024, respectively. The receivables and payables are unsecured, interest-free and payable on demand.
- (xiv) Loans to directors, disclosed pursuant to the Appendix D2(28)(1)(b)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, are as follows:

	At 1 January 2022	Maximum amount outstanding during the year	At 31 December 2022 and 1 January 2023	Maximum amount outstanding during the year	At 31 December 2023 and 1 January 2024	Maximum amount outstanding during the year	At 31 December 2024	Security Held
US\$000								
<i>Independent Non-executive Directors</i>								
Ma Si Hang Frederick	-	-	-	-	-	256	256	None
Chung Martina Kit Hung	-	-	-	-	-	226	226	None
Total	-	-	-	-	-	482	482	

The loans to directors are interest-free and are repayable based on the terms set out in the loan agreements.

(c) Transactions and balances with associates and joint ventures:

- (i) The Group has entered into broker and non-exclusive distribution agreements with associates, pursuant to which the total commission expenses recognised by the Group for the years ended 31 December 2022, 2023 and 2024 were US\$13m, US\$14m and US\$16m, respectively.
- (ii) The Group had an amount due from associates of US\$3m, US\$5m and US\$nil as at 31 December 2022, 2023 and 2024, respectively. The amounts due are unsecured, interest-free and repayable on demand.
- (iii) The Group had a loan to an associate at US\$5m, US\$nil and US\$4m as at 31 December 2022, 2023 and 2024 which is interest-bearing and repayable on the maturity date.
- (iv) The Group had a loan to a joint venture at US\$6m, US\$6m and US\$nil as at 31 December 2022, 2023 and 2024, which is interest-bearing and repayable on maturity date.

The related party transactions above, except for (b)(xiii), (c)(i), (c)(ii) and (c)(iii), constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The related party transactions that are considered non-trade in nature are identified as (b)(vii), (b)(ix), (c)(iii) and (c)(iv). All non-trade balances are either eliminated, already settled or will be settled prior to listing with the exception of (b)(vii) and (c)(iii).

34 COMMITMENTS AND CONTINGENCIES**Operating lease commitments – Group as a lessor**

The Group leased its investment property portfolio consisting of certain commercial buildings and land. These leases have terms of between 1 and 30 years. The Group had total future minimum rental receivable under non-cancellable operating leases falling due as follows:

US\$m	As at 31 December		
	2022	2023	2024
Within one year	19	20	16
In the second to fifth years	40	47	36
Over five years	98	97	46
Total	157	164	98

Investment and capital commitments

The Group has investments and capital commitments to invest in its private equity partnerships and other financial investments.

US\$m	As at 31 December		
	2022	2023	2024
Within one year	266	223	393
In the second to fifth years	676	541	660
Over five years	12	–	–
Total	954	764	1,053

As of 31 December 2024, the Group had capital expenditure commitment of US\$43m relating to the extension of a distribution right. Refer to Note 14 for further information.

Commitments in Malaysia

As of 31 December 2022, 2023 and 2024, the Group had planned to invest a total of US\$26m, US\$48m and US\$46m, respectively, in Malaysia.

Capital commitment for acquisitions

As of 31 December 2022, 2023 and 2024, the Group agreed to make additional payments in aggregate amounts of up to US\$144m, US\$93m and US\$31m, respectively, in relation to acquisitions.

Contingencies

The Group is subject to regulation in each of the geographical markets in which it operates from insurance business, and other regulators and is exposed to the risk of regulatory actions in response to perceived or actual non-compliance with regulations relating to suitability, sales or underwriting practices, claims payments and procedures, product design, disclosure, administration, denial or delay of benefits and breaches of fiduciary or other duties. The Group believes that these matters have been adequately provided for in these consolidated financial statements.

The Group is exposed to risk exposures including legal proceedings, complaints etc. from its activities including those arising from commercial activities, sales practices, suitability of products, policies and claims. The Group believes that these matters are adequately provided for in these consolidated financial statements.

35 SUBSIDIARIES

The principal subsidiary companies which materially contribute to the net income of the Group or hold a material element of its assets and liabilities are:

Name of entity	Place of incorporation and operation	Principal activity	Issued share capital	As at 31 December					
				2022		2023		2024	
				Group's interest %	NCI's interest %	Group's interest %	NCI's interest %	Group's interest %	NCI's interest %
FWD Limited	Cayman Islands	Investment holding	24,308,874 ordinary shares of US\$0.01 each 8,202,225 preference shares of US\$0.01 each 9,587,168 convertible preference shares of US\$0.01 each	72%	28%	100%	–	100%	–
FWD Group Limited	Cayman Islands	Investment holding	24,308,874 ordinary shares of US\$0.01 each 8,202,225 preference shares of US\$0.01 each 9,587,168 convertible preference shares of US\$0.01 each	72%	28%	100%	–	100%	–
FWD Group Management Holdings Limited	Hong Kong	Group management	14,315,900 ordinary shares of US\$100 each 1 ordinary share of HK\$1	100%	–	100%	–	100%	–
FWD Management Holdings Limited	Hong Kong	Investment holding	23,936,191 ordinary shares of US\$100 each 2 ordinary shares of HK\$3,255,523,426 each	100%	–	100%	–	100%	–
FWD Life Insurance Company (Bermuda) Limited	Bermuda/ Hong Kong/ Singapore	Life insurance	US\$1,855,892,759 divided into 1,855,892,759 ordinary shares of US\$1 each	100%	–	100%	–	100%	–
FWD Life (Hong Kong) Limited	Hong Kong	Life insurance	HK\$590,106,626 divided into 590,106,626 ordinary shares issued at HK\$1 each	100%	–	100%	–	100%	–
FWD Life Assurance Company (Hong Kong) Limited	Hong Kong	Life insurance	HK\$381,625,000 divided into 76,325 ordinary shares issued at HK\$5,000 each	100%	–	100%	–	100%	–
FWD Life Insurance Company (Macau) Limited	Macau	Life insurance	MOP681,437,500 divided into 6,814,375 ordinary shares of MOP100 each	100%	–	100%	–	100%	–
FWD Life Insurance Public Company Limited	Thailand	Life insurance	3,006,360,171 ordinary shares of THB10 each	87%	13%	87%	13%	87%	13%
FWD Life Insurance Company, Limited	Japan	Life insurance	1,310,000 ordinary shares of JPY28,816.8 each	100%	–	100%	–	100%	–
FWD Reinsurance SPC, Ltd.	Cayman Islands	Life reinsurance	50,000 ordinary shares of US\$0.01 each	100%	–	100%	–	100%	–
FWD Life Insurance Corporation	Philippines	Life insurance	2,300,000,000 ordinary shares of PHP1 each	100%	–	100%	–	100%	–
PT FWD Insurance Indonesia	Indonesia	Life insurance	8,116,071 ordinary shares of Rp1,000,000 each	79%	21%	79%	21%	79%	21%
PT FWD Asset Management	Indonesia	Asset management	164,631 ordinary shares of Rp1,000,000 each	100%	–	100%	–	100%	–
FWD Singapore Pte. Ltd.	Singapore	Life and general insurance	292,683,678 ordinary shares of SGD344,000,004.05 issued share capital	100%	–	100%	–	100%	–

Name of entity	Place of incorporation and operation	Principal activity	Issued share capital	As at 31 December					
				2022		2023		2024	
				Group's interest %	NCI's interest %	Group's interest %	NCI's interest %	Group's interest %	NCI's interest %
FWD Takaful Berhad	Malaysia	Life Insurance	2,000,000 ordinary shares of RM50 each 7,290 preference shares of RM100,000 each	49%	51%	49%	51%	70%	30%
FWD Insurance Berhad ¹	Malaysia	Life Insurance	463,000,000 ordinary shares of RM1 each	–	–	14%	86%	14%	86%
FWD Vietnam Life Insurance Company Limited	Vietnam	Life insurance	Contributed capital of VND19,102,000,000,000	100%	–	100%	–	100%	–
FWD Life Insurance (Cambodia) Plc.	Cambodia	Life insurance	1,115,600 Ordinary shares of KHR100,000 each	100%	–	100%	–	100%	–

Note:

- 1 Formerly known as Gibraltar BSN Life Berhad.

All subsidiaries are unlisted and audited by Ernst & Young.

Except for FWD Limited, FWD Group Limited, FWD Takaful Berhad, FWD Life Insurance Public Company Limited and FWD Insurance Berhad, the subsidiaries are fully consolidated in the consolidated financial statements reflecting the economic interests to the Group. Subsequent to the Exchange of Share Capital of FL and FGL on 31 July 2023, FWD Limited and FWD Group Limited are fully consolidated in the consolidated financial statements reflecting the economic interests to the Group.

36 EVENTS AFTER REPORTING PERIOD

On 21 January 2025, the Company voluntarily prepaid in full the US\$1,000m bank borrowings and cancelled in full the US\$500m revolving credit facility before their scheduled maturity date in December 2025. Concurrently, the Company borrowed a US\$500m term loan maturing in 2028 and a US\$500m term loan maturing in 2030 under the facilities agreement dated 22 November 2024.

On 23 June 2025, resolutions of the Company were passed by the shareholders pursuant to which, conditional upon and effective immediately prior to the completion of the initial public offering of the Company:

- (a) the Conditional Reorganisation Steps (as noted in Note 1.2.2) was approved;
- (b) the amendment and increase of the authorised share capital of the Company from US\$25m to US\$51m was approved; and
- (c) conditional upon and effective immediately following the increase and amendment described in (b), the consolidation of the Company's issued and unissued ordinary shares of a nominal or par value of US\$0.01 at a ratio of 1-for-3 was approved, such that the authorised ordinary share capital of the Company will be consolidated from US\$51m divided into 5,100,000,000 ordinary shares of a nominal or par value of US\$0.01 each, to US\$51m divided into 1,700,000,000 ordinary shares of a nominal or par value of US\$0.03 each.

37 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2024.

The information set out below does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants, as set out in Appendix I, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the financial information included in the Accountants' Report set out in Appendix I.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

Unaudited Pro Forma Statement of Adjusted Net Tangible Assets

The following unaudited pro forma statement of adjusted net tangible assets of our Group is prepared in accordance with Rule 4.29 of the Listing Rules and set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to the equity shareholders of our Company as of 31 December 2024 as if the Global Offering had taken place on 31 December 2024.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 31 December 2024 or at any future date.

	Consolidated net tangible assets attributable to Shareholders of the Company as of 31 December 2024	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of the Company	Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of the Company per Share (Note 5, 6)	
	Note 1 (US\$ in million)	Note 2 (US\$ in million)	(US\$ in million)	Note 3 (US\$)	Note 4 (HK\$)
Based on the Offer Price of HK\$38.00 per Share	2,927	408	3,335	2.62	20.47

Notes:

- (1) The consolidated net tangible assets attributable to Shareholders of the Company as at 31 December 2024 is based on the consolidated total equity attributable to Shareholders of the Company of US\$6,012 million as of 31 December 2024, after deducting intangible assets of US\$3,085 million, as shown in the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are calculated based on the Offer Price of HK\$38.00 per Share, after deduction of the underwriting fees and other estimated expenses related to the Global Offering paid or payable by the Company (excluding listing expenses of US\$29.3 million (equivalent to approximately HK\$228.5 million) which have been charged to the consolidated income statement of the Company during the Track Record Period) and do not take into account any Shares which may be issued upon exercise of the Over-allotment Option.

The estimated net proceeds from the Global Offering are converted into USD at an exchange rate HK\$7.80 to US\$1.00. No representation is made that USD denominated amounts have been, could have been, or could be converted to Hong Kong dollars, or vice versa, at the rate applied or at any other rates or at all.
- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of the Company per Share is arrived at after adjustments as described in Notes (1) and (2) and on the basis that 1,271,003,877 Shares were in issue assuming the completion of the Global Offering (without taking into account any Shares which may be issued upon exercise of the Over-allotment Option).
- (4) For the purpose of the unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of the Company, the balances stated in USD are converted into Hong Kong dollars at a rate of US\$1.00 to HK\$7.80. No representation is made that USD denominated amounts have been, could have been, or could be converted to Hong Kong dollars, or vice versa, at the rate applied or at any other rates or at all.
- (5) In calculating the per share numbers, adjustments have been made to reflect the impact of the FFI 2025 Transaction subsequent to 31 December 2024. Pursuant to the FFI 2025 Transaction, Future Financial Investment will waive its entitlement to receive Shares in connection with a portion of its holding in Series A Conversion Shares, such portion being 1,440,291 Series A Conversion Shares (which will not be issued by the Company) upon completion of Phase 3 and the Global Offering. For further details, please see *"History, Reorganisation and Corporate Structure – Pre-IPO Investments – Transfer of Series A Conversion Shares from Future Financial Investment to PCGI Holdings."*
- (6) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2024.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, for the purpose of incorporation in this prospectus, in respect of the pro forma financial information of the Group.



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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**To the Directors of FWD Group Holdings Limited 富衛集團有限公司**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of FWD Group Holdings Limited 富衛集團有限公司 (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at 31 December 2024, and related notes as set out on pages II-1 to II-2 of the prospectus dated 26 June 2025 (the "Prospectus") issued by the Company (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 31 December 2024 as if the transaction had taken place at 31 December 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 31 December 2024, on which an accountants' report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young*Certified Public Accountants*

Hong Kong

26 June 2025



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19 May 2025

The Directors
FWD Group Holdings Limited
富衛集團有限公司
13/F, 14 Taikoo Wan Road Taikoo Shing
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ACTUARIAL CONSULTANT'S REPORT

Dear Directors,

1 INTRODUCTION

1.1. BACKGROUND

FWD Group Holdings Limited 富衛集團有限公司 (formerly known as PCGI Intermediate Holdings Limited) (“FWD Group”, “FWD”, “Company”, “you” or “your”) has prepared, in respect of FWD Group and its subsidiaries, the embedded value (“EV”) and the value of new business (“VNB”) for each calendar year over the period from 1 January 2022 to 31 December 2024 (referred to as the “track record period”). The EV is calculated as at 31 December 2022 (“2022 EV”), 31 December 2023 (“2023 EV”) and 31 December 2024 (“2024 EV”) (collectively referred to as “Valuation Dates”), while the VNB covers 12 months of sales for calendar years 2022 (“2022 VNB”), 2023 (“2023 VNB”) and 2024 (“2024 VNB”) respectively. The Company has also prepared additional analyses, including sensitivity tests on EV and VNB, and the determination of EV equity, EV operating profit, free surplus generation, distributable earnings and analysis of EV movement by calendar year over the track record period. These results are collectively referred to as the “EV Results” and have been prepared by the Company.

Milliman Limited (“Milliman”, “we”, “us” or “our”) has been engaged by FWD Group to independently review and provide an opinion on the EV Results. This report (“Report”) sets out the consolidated results as prepared by FWD Group over the track record period and includes a description of the EV methodology and assumptions, details of our review and opinion, as well as the reliances and limitations applicable to our work. In accordance with the engagement letter dated 11 March 2024, this Report has been prepared for inclusion in this document (“the Prospectus”) in connection with the initial public offering (“IPO”) of FWD Group on the Hong Kong Stock Exchange. This Report should be read in conjunction with the rest of the Prospectus, which provides details of FWD Group’s business and related risk factors. This Report should be read in its entirety, including the reliances and limitations, as individual sections, if considered in isolation, may be misleading.

Milliman is acting exclusively for FWD Group, and no one else, in connection with this IPO. This Report has been prepared for the purpose of inclusion in the Prospectus. This Report should not be used for any other purpose without our prior written consent. Neither Milliman nor any employee of Milliman assumes responsibility arising in any way whatsoever to any other party in respect of this Report contrary to the aforesaid purpose.

Except where otherwise stated, the figures quoted in this Report as at the Valuation Dates do not make allowance for any developments after those dates. The various monetary amounts specified are expressed in US Dollars (“USD”).

1.2. FWD GROUP STRUCTURE

In 2022, the Company undertook a series of reorganisation activities to unify the ownership structure of FWD Group, involving the merger of FWD Group Holdings Limited 富衛集團有限公司 (formerly known as PCGI Intermediate Holdings Limited) with PCGI Limited. Following the merger, PCGI Limited ceased to exist, with FWD Group, after reorganisation, being the immediate holding company of:

- FWD Limited; and
- FWD Group Limited

FWD Limited as at 31 December 2024 is the holding company of the following entities:

- FWD Life Insurance Company (Bermuda) Limited (“FWD Life (Bermuda)”);
- FWD Life Insurance Company (Macau) Limited (“FWD Macau”);
- FWD Life Assurance Company (Hong Kong) Limited (“FWD Life Assurance (Hong Kong)”);
- FWD Life (Hong Kong) Limited (“FWD Life (Hong Kong)”);

- FWD Vietnam Life Insurance Company Limited (“FWD Vietnam”);
- FWD Takaful Berhad (“FWD Malaysia”);
- FWD Financial Planning Limited;
- Antede Limited;
- AMG Financial Group Limited (Hong Kong);
- AMG Wealth Management Limited;
- FWD Financial Limited;
- OGS (I) Limited (Cayman Islands);
- OGS (II) Limited (Cayman Islands);
- One George Street LLP (Republic of Singapore);
- Sky Accord Limited (Cayman Islands);
- Future Radiance Limited (Cayman Islands);
- FWD Properties Limited (Hong Kong);
- PT Asuransi BRI Life (“BRI Life”);
- FWD Insurance Berhad (Malaysia);
- FWD BSN Holdings Sdn. Bhd. (Malaysia) (“FWD BSN Holdco”); and
- FMH Capricorn Holdings Sdn. Bh.

FWD Life (Bermuda), FWD Macau, FWD Life Assurance (Hong Kong) and FWD Life (Hong Kong) are the life insurance subsidiaries of FWD Limited, and BRI Life is a life insurance associate of FWD Limited. FWD Limited owns a minority stake¹ in BRI Life, a life insurance subsidiary of PT Bank Rakyat Indonesia (Persero) Tbk. On 3 April 2023, FWD Group, along

¹ On 2 March 2022, 2 March 2023 and 1 March 2024, FWD acquired an additional 5.28%, 4.68% and 4.14% stakes in BRI Life, increasing its holding to 35.14%, 39.82% and 43.96% respectively. The 2022 EV, 2023 EV and 2024 EV represents a 35.14%, 39.82% and 43.96% economic interest respectively following the increase in this stake. The VNB in respect of new business written from 1 March 2024 to 30 November 2024 represent a 43.96% economic interest following the recent increase in this stake. The VNB in respect of new business written from 1 March 2023 to 30 November 2023 represent a 39.82% economic interest following the recent increase in this stake. The VNB in respect of new business written from 1 December 2021 to 28 February 2022 represents a 29.86% economic interest, and from 1 March 2022 to 28 February 2023 represents a 35.14% economic interest.

with local investors, acquired a 70% stake in FWD BSN Holdco, a company established under the laws of Malaysia. FWD BSN Holdco is the holding company of FWD Insurance Berhad (Malaysia) (formerly known as “Gibraltar BSN Life Berhad”), a life insurance company acquired from Prudential Insurance Company of America. FWD Malaysia and FWD Vietnam are the life insurance subsidiaries of FWD Life (Bermuda). FWD Life (Bermuda) has also established a branch in Singapore (“FWD Bermuda Singapore”) and commenced writing new business through the branch in 2024. FWD Malaysia, FWD Vietnam and FWD Bermuda Singapore are treated as separate entities, and the value from these entities is reported separately and not included within the results of FWD Life (Bermuda).

As at 31 December 2024, FWD Group Limited is the holding company of the following entities:

- FWD Life Insurance Corporation (“FWD Philippines”);
- FWD Life Insurance Public Company Limited (“FWD Thailand”);
- PT FWD Insurance Indonesia (“FWD Indonesia”);
- FWD Singapore Pte. Ltd. (“FWD Singapore”);
- FWD Life Insurance Company, Limited (“FWD Japan”);
- FWD Reinsurance SPC, Ltd. (“FWD Reinsurance”);
- FWD Life Insurance (Cambodia) Plc. (“FWD Cambodia”);
- FWD Group Services (Thailand) Co., Ltd.;
- IPP Financial Advisers Pte. Ltd.; and
- PT FWD Asset Management.

FWD Japan, FWD Reinsurance, FWD Thailand, FWD Indonesia, FWD Philippines and FWD Cambodia are life insurance subsidiaries of FWD Group Limited. FWD Singapore is a composite insurance subsidiary of FWD Group Limited.

Operating entities in this Report refer to life insurance subsidiaries and associates, and non-life insurance subsidiaries, as well as other subsidiaries, associates and joint ventures². Life insurance subsidiaries and associates refer to life insurance companies, including

² Subsidiaries refer to companies in which the operating entity owns a majority stake, while associates refer to companies in which the operating entity owns a minority stake which FWD Group has significant influence in but does not have control or joint control. Joint ventures are entities whereby FWD Group and other parties undertake an economic activity which is subject to joint control arising from a contractual agreement.

composite insurers. Non-life insurance subsidiaries refer to entities that are general insurance companies, asset management companies and financial planning/broking firms. All other entities that are held in FWD Limited and FWD Group Limited and not listed above are classified as “non-operating entities” and form part of “corporate and other” adjustments.

The FWD business units for which value of in-force (“VIF”) and VNB results have been determined are referred to as “Business Units” in this report. In some cases, several entities are grouped as one Business Unit by FWD. The Business Units referred to in this Report are as follows:

- FWD Hong Kong, which collectively includes the following entities:
 - FWD Life (Bermuda)³;
 - FWD Life Assurance (Hong Kong); and
 - FWD Life (Hong Kong).
- FWD Macau
- FWD Japan
- FWD Reinsurance
- FWD Thailand
- FWD Indonesia
- FWD Malaysia
- FWD Philippines
- FWD Singapore
- FWD Bermuda Singapore
- FWD Vietnam
- FWD Cambodia
- BRI Life

³ The life insurance subsidiaries of FWD Life (Bermuda) (i.e. FWD Malaysia and FWD Vietnam) are treated as separate entities. These life insurance subsidiaries, together with FWD Bermuda Singapore, have been excluded from the results prepared for FWD Life (Bermuda).

- FWD IB, which collectively includes the following entities:
 - FWD Insurance Berhad (Malaysia);
 - FWD BSN Holdco; and
 - FMH Capricorn Holdings Sdn. Bh

FWD acquired FWD Assurance VietNam Company Limited (formerly Vietcombank-Cardif Life Insurance) (“FWD VCLI”) on 8 April 2020 and disposed of it on 21 March 2022. No VIF or VNB have been determined for FWD VCLI. The assumptions by Business Unit presented in Section 3 and Section 4 of this Report, therefore also exclude this entity.

For BRI Life, the 2022 EV, 2023 EV and 2024 EV have been calculated as at 30 November 2022, 30 November 2023 and 30 November 2024 respectively, and the 2022 VNB, 2023 VNB and 2024 VNB are in respect of new business written in the 12 months ended 30 November 2022, 30 November 2023 and 30 November 2024 respectively. FWD’s acquisition of a minority 29.86% stake in BRI Life was completed on 2 March 2021, followed by additional acquisition of 5.28%, 4.68% and 4.14% stakes on 2 March 2022, 2 March 2023 and 1 March 2024 respectively, increasing its holding to 35.14%, 39.82% and 43.96% respectively.

For FWD IB, the 2023 EV has been calculated as at 31 December 2023 and the 2023 VNB is in respect of new business written from the date of acquisition to 31 December 2023. The 2024 EV, 2023 EV, 2024 VNB and 2023 VNB have been calculated in respect of FWD Group’s 14%⁴ economic interest in FWD IB.

The VNB has been presented by region, while the EV and other reporting metrics have been presented at a consolidated group level. The allocation of Business Units to each region is mapped out below:

- Hong Kong: FWD Hong Kong and FWD Macau
- Thailand: FWD Thailand and FWD Cambodia
- Japan: FWD Japan and FWD Reinsurance⁵
- Emerging Markets: FWD Indonesia, FWD Malaysia, FWD Philippines, FWD Singapore, FWD Bermuda Singapore, FWD Vietnam, BRI Life and FWD IB

⁴ FWD Group owns 20% of the 70% stake in FWD BSN Holdco while FWD BSN Holdco owns 100% of FWD Insurance Berhad (Malaysia). FWD Group’s economic interest in FWD IB is therefore 14% (i.e. 20% x 70% x 100%) of FWD Insurance Berhad (Malaysia) and FWD BSN Holdco and 20% of FMH Capricorn Holdings Sdn. Bh.

⁵ The business ceded to FWD Reinsurance is purely from wholly owned FWD Japanese entities. Hence FWD Reinsurance is included as part of Japan.

The EV Results in this Report represent a 70.0%⁶ holding for FWD Malaysia, a 99.96% holding in FWD Thailand, a 43.96%⁷ in BRI Life, a 70.0%⁸ holding in FWD BSN Holdco and a 100.0% holding for other entities (please see Section 3.6 of this Report).

1.3. SCOPE OF OUR WORK

Our work involved the following:

- We have reviewed the methodology and derivation of assumptions used to determine the EV Results presented in this Report.
- We have reviewed the analysis that has been performed by FWD Group to support the risk discount rates, with details described in Section 4.1 of this Report.
- For all Business Units, the VIF and VNB have been derived by FWD using their in-house models developed in Prophet, a proprietary modelling software provided by a third party, FIS (collectively referred to as the “Prophet models”). The compilation of results and any off-model adjustments have been carried out by FWD using Microsoft Excel (“Excel models” together with the Prophet Models, the “Valuation Models”). We have reviewed certain elements of the Valuation Models. In particular, we have carried out sample policy checks on the projected cash flows produced by the Valuation Models using Excel-based models we have developed internally, and reviewed the aggregate cash flows by product groups for reasonableness. For all Business Units, our model review work has covered products making up at least 90% of statutory reserves (for VIF) and at least 90% of new business annual premium equivalent (“NB APE”) (for VNB).
- We have also performed checks on the EV Results by the Business Units and have reviewed the consolidated EV Results, including adjustments made in respect of unallocated Group Office expenses. Details of our review are provided in Section 6.3 of this Report.

⁶ On 8 March 2024, FWD acquired an additional 21% stake in FWD Malaysia, increasing its holding from 49.0% to 70.0% representing FWD's share in the ordinary share capital of MYR 100 million issued. As at 31 December 2024, FWD Malaysia has also issued MYR 729 million of preference share capital to FWD. Taking into account the total share capital held by FWD (ordinary share capital plus preference share capital), the 2022, 2023 and 2024 EV assume a 100% economic interest in FWD Malaysia, aligned with the treatment adopted for the IFRS accounts. Similarly, the 2022, 2023 and 2024 VNB for FWD Malaysia are also based on a 100% economic interest. It should be noted that the percentage share for future EV and VNB calculations will reduce from the 100% level assumed when the preference share capital issued to FWD is redeemed, consistent with the treatment adopted for IFRS reporting.

⁷ Refer to footnote 1.

⁸ Refers to the stake in FWD BSN Holdco acquired by FWD Group and local investors. Refer to footnote 4 for details of FWD Group's economic interest in FWD IB.

The objective of our review was to confirm that the EV Results have been prepared, in all material respects, in accordance with the methodology and assumptions described in this Report.

1.4. STRUCTURE OF THE REPORT

The various sections of this Report are set out as follows:

- Section 2: Key highlights – provides an overview of the EV Results
- Section 3: Methodology – provides details of the methodology adopted in the derivation of the EV Results
- Section 4: Assumptions – describes the assumptions used to calculate the EV Results
- Section 5: EV Results – sets out the EV Results, including sensitivity analysis
- Section 6: Milliman opinion – provides a formal opinion in respect of the EV Results
- Section 7: Reliances and limitations – sets out the reliances and limitations applicable to our work and to this Report
- Appendix A: Abbreviations used in this Report
- Appendix B: Key information received
- Appendix C: Exchange rates used in deriving the results
- Appendix D: Breakdown of EV results by region

2 KEY HIGHLIGHTS

An overview of the EV Results across the track record period is presented in this section. While reading this section alone can provide a high-level summary, it does not give the full details, and this Report must be read in its entirety in order to be fully understood. Further details of the methodology, assumptions, and EV Results, including sensitivity analyses, are set out in Sections 3, 4 and 5 of this Report.

An embedded value is an actuarial method of measuring the consolidated value of shareholders' interests in the in-force business of an insurance company. It is an estimate of the economic value of life insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to future new business. The EV is taken to be the sum of the adjusted net worth ("ANW") and VIF, with the methodology

defined in Section 3.1 of this Report. Group EV represents the consolidated EV of FWD Group. EV equity is defined to be the equity attributable to shareholders, and reflects the Group EV, adjusted to include goodwill and other intangible assets attributable to shareholders.

VNB represents the value to shareholders arising from the new business issued during the relevant reporting period, with the methodology defined in Section 3.2 of this Report. New business margin is equal to VNB expressed as a percentage of NB APE⁹ for the relevant reporting period. NB APE represents 100% of annualised first year premium and 10% of single premium. An alternative new business margin with VNB expressed as a percentage of the present value of new business premium ("PVNBP") has also been presented. PVNBP is the present value of projected new business premium discounted at the risk discount rates set out in Table 4.1. The VNB and the new business margins presented in this Report have been based on long-term unit cost loadings. Using these long-term unit cost loadings results in expense overruns (i.e. where the projected future expenses reflected within the VNB calculations are expected to be lower than the actual level of acquisition expenses expected to be incurred) in the short term. Further details of the expense overruns, including historical expense and commission variance across the track record period, are presented in Section 4.5 of this Report.

EV operating profit reflects the change in EV over the period, adjusted for non-recurring items¹⁰. It comprises expected returns on EV, VNB, operating variance, and the impact of operating assumption change. The results have been presented before and after allowance for operating assumption change and operating variance other than claims/persistency/expense variances.

Operating entity EV reflects the consolidated EV of the operating entities within FWD Group. It excludes corporate and other adjustments, which comprise corporate and other net assets, allowance for unallocated Group Office expenses and adjustment for financing.

Free surplus is defined as the excess of ANW over the required capital. The underlying free surplus generation represents the free surplus generated by FWD Group over the period, adjusted to exclude new business funding and certain non-recurring items. It excludes free surplus used to fund new business, investment return variances and other items, acquisitions, partnerships (i.e. the effect of acquiring stakes in BRI Life and FWD IB) ("Acquisitions & partnerships") and business lines that have been terminated ("Discontinued business"), capital movements and the impact of financing, but includes methodology

⁹ For FWD Malaysia's takaful business, the annualised premium equivalent is referring to the annualised contribution equivalent.

¹⁰ Non-recurring items include movements relating to acquisitions & partnerships/discontinued business, economic variance, economic assumption change, non-operating variance, capital movements, corporate centre expenses, financing and foreign exchange movement. Please see Section 5.3 of this Report for further details.

updates relating to accounting changes. The net underlying free surplus generation represents the equivalent results after deducting the free surplus used to fund new business, while the adjusted net underlying free surplus generation includes adjustments for one-off variances.

At the end of 2023, the Company made revisions and updates to certain methodologies and operating assumptions which resulted in material differences when applied to the actual reported NB APE and VNB in the year ended 31 December 2023. Accordingly, in order to facilitate a more meaningful comparison between results for the year ended 31 December 2023 and 31 December 2024, the Company has presented comparative figures for NB APE and VNB in 2023 on a “like-for-like basis” i.e. (i) in the case of VNB, assuming that operating assumption changes as of 31 December 2023 were effective as of 1 January 2023; (ii) in the case of VNB and NB APE, aligning the renewal term of group business to the treatment under International Financial Reporting Standards (“IFRS”) 17¹¹; and (iii) in the case of VNB, making allowance for costs associated with agency recruitment programs¹². No comparable adjustments were made for 2022.

Table 2.1: Summary of Group EV (in USD millions)

Embedded value	As at 31 December			Change during 2023		Change during 2024	
	2022	2023	2024	(% 31 Dec 2022 results)		(% 31 Dec 2023 results)	
				CER basis	AER basis	CER basis	AER basis
Group EV	6,066	5,682	5,569	(4.2%)	(6.3%)	2.8%	(2.0%)
– ANW	2,268	2,856	2,597	27.3%	25.9%	(3.6%)	(9.1%)
– VIF	3,798	2,826	2,972	(23.4%)	(25.6%)	9.2%	5.2%

EV equity	As at 31 December			Change during 2023		Change during 2024	
	2022	2023	2024	(% 31 Dec 2022 results)		(% 31 Dec 2023 results)	
				CER basis	AER basis	CER basis	AER basis
Group EV	6,066	5,682	5,569	(4.2%)	(6.3%)	2.8%	(2.0%)
Plus: Goodwill and other intangible assets	3,222	3,186	3,167	(1.3%)	(1.1%)	0.5%	(0.6%)
EV equity	9,288	8,867	8,736	(3.2%)	(4.5%)	2.0%	(1.5%)

¹¹ The renewal term of group business was previously 15 years and revised to be aligned with IFRS 17 treatment with effect from 31 December 2023.

¹² These costs were previously accounted for as a one-off expense and not reflected within the VNB.

New business value on a like-for-like basis	Year ended 31 December			YoY change in 2023		YoY change in 2024	
	2022	2023	2024	CER basis	AER basis	CER basis	AER basis
VNB	NA	749	834	NA	NA	13.5%	11.3%
NB APE	NA	1,616	1,916	NA	NA	20.9%	18.6%
New business margin (% of NB APE)	NA	46.4%	43.5%	NA	NA	(2.8) pps	(2.9) pps
New business value on a reported basis	Year ended 31 December			YoY change in 2023		YoY change in 2024	
	2022	2023	2024	CER basis	AER basis	CER basis	AER basis
VNB	823	991	834	21.9%	20.4%	(14.0%)	(15.8%)
NB APE	1,408	1,646	1,916	18.3%	17.0%	18.6%	16.4%
PVNB	8,126	8,663	9,333	8.0%	6.6%	9.7%	7.7%
New business margin (% of NB APE)	58.5%	60.2%	43.5%	1.8 pps	1.7 pps	(16.5) pps	(16.6) pps
New business margin (% of PVNB)	10.1%	11.4%	8.9%	1.3 pps	1.3 pps	(2.5) pps	(2.5) pps
EV operating profit	Year ended 31 December			YoY change in 2023		YoY change in 2024	
	2022	2023	2024	CER basis	AER basis	CER basis	AER basis
Before operating assumption change and other operating variance ⁽¹⁾	1,072	1,242	1,419	17.9%	15.9%	16.5%	14.2%
After operating assumption change and other operating variance ⁽¹⁾	1,027	606	1,152	(42.2%)	(41.0%)	93.9%	90.2%

Free surplus generation	Year ended 31 December			YoY change in 2023		YoY change in 2024	
	2022	2023	2024	CER basis	AER basis	CER basis	AER basis
Underlying free surplus generation	1,753	790	722	(56.6%)	(54.9%)	1.8%	(8.6%)
Free surplus to fund new business	(165)	(6)	(14)	n/m	n/m	n/m	n/m
Net underlying free surplus generation ⁽²⁾	1,589	785	709	(52.7%)	(50.6%)	0.3%	(9.7%)
Adjusted underlying free surplus generation ⁽²⁾	668	673	811	2.9%	0.7%	24.4%	20.5%
Adjusted free surplus used to fund new business ⁽²⁾	(43)	114	28	n/m	n/m	(74.6%)	(75.1%)
Adjusted net underlying free surplus generation ⁽²⁾	625	786	839	27.5%	25.8%	9.7%	6.7%

Figures may not be additive due to rounding.

CER: Constant exchange rate (refer to Section 3.5 for the definition of CER). AER: Actual exchange rate.

YoY: Year-on-year. pps: Percentage points.

NB APE: New business annualised premium equivalent (i.e. 100% of annualised first year premium plus 10% of single premium).

PVNB: Present value of projected new business premium discounted at the same risk discount rates as VNB.

NA: Not applicable.

n/m: Not meaningful. The YoY change in percentage terms is not meaningful when comparing a figure to a prior negative figure.

Note (1): Refers to all operating variances other than claims/persistency/expense variances.

Note (2): Refers to Table 5.13 for the breakdown between net underlying free surplus generation, adjusted underlying free surplus generation, adjusted free surplus used to fund new business and adjusted net underlying free surplus generation.

3 METHODOLOGY

The EV and VNB of FWD Group have been determined using a Traditional Embedded Value (“TEV”) approach. This approach makes implicit allowance for the time value of financial options and guarantees and other risks associated with the realisation of the projected future profits through the use of a risk adjusted discount rate. The higher the risk discount rate, the greater the allowance for these risks. TEV methodology is commonly used by life insurance companies in Asia. Alternative approaches, such as those using “fair value” and “Market Consistent Embedded Value” have been developed by FWD, under which these types of risks, including the allowance for the time value of financial options and guarantees, are explicitly valued. The work performed by FWD to validate the consistency of the allowance for risk in the risk discount rates is described in Section 4.1 of this Report.

3.1. EMBEDDED VALUE

The EV is taken to be the sum of the ANW and VIF.

The ANW represents the adjusted statutory net asset value attributable to shareholders. The ANW for each Business Unit comprises:

	the statutory net asset value, reflecting the excess of assets over policy reserves and other liabilities reported on a local regulatory basis
<i>plus/minus</i>	mark-to-market adjustments for assets that have not been reported on a market value basis
<i>minus</i>	the value of intangible assets

The ANW includes the statutory net asset value reported for the other operating entities not referred to as Business Units. The ANW also includes adjustments for non-operating entities.

The ANW for non-operating entities reflects the reported IFRS equity, adjusted to reverse out the value of intangible assets¹³ aligned with the approach for each Business Unit and for subordinated perpetual capital securities issued through FWD Limited and zero coupon subordinated perpetual capital securities issued through FWD Group Limited (with a combined carrying value of USD1,354 million as at 31 December 2022, USD1,348 million as 31 December 2023 and USD741 million as at 31 December 2024). These securities are treated

¹³ Reversing out the value of intangible assets was only applied to the 2024 EV. For the 2022 EV and 2023 EV, no reversal of intangible assets was made to the ANW, and expenses reflecting the amortisation of intangible assets related to non-operating entities have instead been captured within the VIF as part of the unallocated Group Office expenses.

as equity in the audited consolidated financial statements of FWD Group Holdings Limited 富衛集團有限公司 (formerly known as PCGI Intermediate Holdings Limited) (referred to as “IFRS accounts”). The carrying value of these securities has been deducted in the ANW when determining the Group EV.

The VIF for each Business Unit represents the present value of future net-of-tax statutory profits arising from the in-force business as at the respective Valuation Dates less the cost of capital required to support the in-force business. The projected statutory profits include adjustments for maintenance expense overruns relating to in-force business (i.e. where the projected future expenses reflected within the VIF calculations are expected to be lower than the actual level of maintenance expenses expected to be incurred), and an additional allowance set aside to eliminate future negative statutory profits. The cost of capital is calculated as the present value of the net-of-tax investment return on shareholder assets backing required capital, plus the present value of any changes in required capital, less the face value of the required capital at the respective Valuation Dates. The projection of profits and required capital is over the projected lifetime of the in-force business.

The business covered in the VIF comprises all life insurance business, including medical, accident & health business managed by the Business Units. No allowance has been made in the VIF for non-life business.

An adjustment has been made to the VIF to reflect the present value of future unallocated Group Office expenses. As most of these expenses are incurred in Hong Kong Dollars, the future unallocated Group Office expenses have been discounted using the risk discount rate applicable to Hong Kong.

The Group EV is further split into operating entity EV and corporate and other adjustments. The operating entity EV reflects the consolidated EV of the operating entities within FWD Group before corporate and other adjustments. Corporate and other adjustments include the ANW of non-operating entities and a VIF adjustment for unallocated Group Office expenses.

The breakdown of ANW, Group EV and EV equity results is shown in Section 5.1 of this Report.

3.2. VALUE OF NEW BUSINESS

The VNB for each Business Unit represents the value to shareholders arising from the new business issued during the relevant reporting period.

The VNB reflects the present value, measured at point of sale, of future net-of-tax profits on a local statutory basis less the corresponding cost of capital. The VNB is calculated quarterly, based on assumptions applicable at the start of each quarter¹⁴.

The VNB covers all new life insurance sales with premiums paid and policies issued during the reporting period. Incremental premiums to existing contracts, if the increases are triggered by corresponding increases in benefits, are considered to be part of VNB.

The VNB results shown in this Report are based on long-term unit costs rather than current expense levels and make no allowance for the value of acquisition expense overruns and commission overruns in respect of the underlying new business. Further details are outlined in Section 4.5 of this Report.

3.3. UP-FRONT ACCESS FEES AND MILESTONE FEES

Up-front access fees paid to distributors have been fully reflected in the ANW.

Milestone fees paid have been accounted for as expenses and reflected in the ANW. Depending on the nature of the payment, these fees have also been reflected in the VNB reported for the period.

3.4. REQUIRED CAPITAL

Table 3.1 sets out the assumed levels of required capital for each Business Unit. The same level of required capital has been assumed across the track record period, with the exception of FWD Hong Kong, FWD Japan, FWD Singapore and FWD Cambodia.

For FWD Hong Kong, the Hong Kong Insurance Authority approved the early adoption of the Hong Kong risk-based capital regime ("HK RBC") from 1 July 2022. The EV and VNB results over the track record period, except the first half of 2022 VNB, have been determined under the HK RBC regime, with results based on an assumed level of capital requirement set equal to 100% of the HK RBC capital requirement. Prior to the second half of 2022, the VNB has been based on 150% of the required minimum solvency margin under the Insurance Ordinance, Chapter 41 of the Laws of Hong Kong.

¹⁴ As part of the 2024 mid-cycle review, there were updates to some operating assumptions and these assumptions have been retrospectively applied from the start of 2024. Therefore, the assumptions applicable at the start of each quarter would reflect these revisions.

Table 3.1: Required capital by Business Unit

Business Units	Results	Required Capital
FWD Hong Kong	First half of 2022 VNB	150% of required minimum solvency margin
	All other results	100% of regulatory risk-based capital requirement
FWD Macau	All	150% of required minimum solvency margin
FWD Japan	All	600% of regulatory risk-based capital requirement
FWD Reinsurance	First half of 2022 VNB	400% of regulatory risk-based capital requirement
	All other results	200% of regulatory risk-based capital requirement
FWD Thailand	All	140% of regulatory risk-based capital requirement (RBC 2)
FWD Indonesia and BRI Life	All	120% of regulatory risk-based capital requirement
FWD Malaysia and FWD IB	All	195% of regulatory risk-based capital requirement for FWD Malaysia
		200% of regulatory risk-based capital requirement for FWD IB
FWD Philippines	All	125% of regulatory risk-based capital requirement
FWD Singapore	2022 VNB	135% of regulatory risk-based capital requirement (RBC 2)
	2022 EV and 2023 VNB	125% of regulatory risk-based capital requirement (RBC 2)
	All other results	114% of regulatory risk-based capital requirement (RBC 2)
FWD Bermuda Singapore	All	107% of regulatory risk-based capital requirement (RBC 2)
FWD Vietnam	All	100% of required minimum solvency margin

Business Units	Results	Required Capital
FWD Cambodia	2022 VNB	100% of required minimum solvency margin
	All other results	120% of required minimum solvency margin

The Hong Kong Insurance Authority introduced a group-wide supervision framework effective from 29 March 2021. FWD Group performed an internal study at least annually over the track record period to validate that the framework will not introduce any additional cost of capital requirements beyond those set out in this Report.

3.5. EXCHANGE RATES

The exchange rates set out in Appendix C to this Report, applicable as at the respective Valuation Dates, have been used to convert the EV figures from local currency to USD for each Business Unit. The VNB and EV operating profit over the track record period have been calculated quarterly using the quarterly average exchange rates applicable.

In Table 2.1, the change in results based on actual exchange rates ("AER") has been calculated by converting the local currency results for each Business Unit to USD using the exchange rates set out in Appendix C to this Report. The changes in EV and EV equity based on constant exchange rate ("CER") have been calculated by converting the local currency results for each Business Unit to USD using the end of period exchange rate applied to both the results at the end of the period and the results at the end of the prior period. The changes in VNB, EV operating profit and free surplus generation based on CER have been calculated by converting the local currency results to USD using the average exchange rates observed for the current reporting period, applied to both results in the current period and results in the prior period.

3.6. NON-CONTROLLING INTEREST

The EV Results exclude the value attributable to any non-controlling interest, which means they represent a 70.0%¹⁵ holding for FWD Malaysia, a 99.96% holding in FWD Thailand, a 43.96%¹⁶ holding in BRI Life, a 70.0%¹⁷ holding in FWD BSN Holdco and a 100.0% holding for other Business Units. For FWD Malaysia, the EV and VNB have been prepared assuming a 100% economic interest in the Company; further details of this change are provided in footnote 6 of this Report.

3.7. REORGANISATION

The EV Results presented across the track record period have been determined based on the adjusted financial statements¹⁸ prepared by the Company pursuant to the reorganisation of FWD Group, as described in first paragraph of Section 1.2 of this Report. Further details of the reorganisation activities and the basis on which the adjusted financial statements have been prepared are presented in the IFRS accounts.

¹⁵ Refer to footnote 6.

¹⁶ Refer to footnote 1.

¹⁷ Refer to footnote 8.

¹⁸ Please see Note 6 of audited IFRS accounts.

4 ASSUMPTIONS

This section provides a summary of the assumptions used to determine the EV Results.

4.1. ECONOMIC ASSUMPTIONS

The economic assumptions for each Business Unit have been set based on long-term returns on assets as prescribed by FWD Group. The long-term returns have been set with reference to FWD Group's long-term outlook for the economy, interest rates and asset class yields. An adjustment has been included to grade the economic assumptions from the current market yields observed at the respective Valuation Dates to the assumed long-term returns.

For each Business Unit, the investment returns have been determined by applying the projected annual returns by major asset category to the assumed asset mix. The asset mix has been determined based on current and future target asset allocations. Within each Business Unit, the investment returns may differ by product group or by fund.

The risk discount rate for each Business Unit has been set by FWD Group. The difference between the risk discount rate and the risk-free rate of return (set with reference to 10-year government bond yields) is referred to as the "risk margin." The risk margin is intended to represent the level of additional return an investor might consider to be appropriate to reflect the underlying risk of the business.

To provide assurance that the economic assumptions are internally consistent with current economic conditions as at the respective Valuation Dates, FWD has also performed various analyses to assess if the risk discount rate used is appropriate, including comparing the TEV results with the results from market consistent valuations performed by FWD. The approach of using market consistent analyses to assess the reasonableness of the risk discount rate is a common practice for insurers that report TEV results.

Table 4.1 sets out the risk discount rates, local equity returns and long-term 10-year government bond yields assumed in the EV calculations, along with the current market 10-year government bond yields referenced in the EV Results as at 31 December 2022, 31 December 2023 and 31 December 2024. VNB has been calculated quarterly, based on the economic assumptions at the start of the quarter.

Table 4.1: Economic assumptions and current market 10-year government bond yields (per annum)

Business Units	Risk Discount Rates Assumptions			Local Equity Returns Assumptions		
	As at	As at	As at	As at	As at	As at
	31 Dec 2022	31 Dec 2023	31 Dec 2024	31 Dec 2022	31 Dec 2023	31 Dec 2024
FWD Hong Kong and FWD Macau	7.55%	7.80%	8.20%	7.90%	8.00%	8.00%
FWD Japan and FWD Reinsurance	6.00%	6.25%	6.75%	NA	NA	NA
FWD Thailand	8.75%	8.75%	8.25%	8.95%	8.75%	8.00%
FWD Indonesia and BRI Life	14.00%	13.75%	13.00%	11.50%	11.25%	10.50%
FWD Malaysia and FWD IB	9.00%	9.15%	8.65%	8.79%	8.79%	8.35%
FWD Philippines	12.75%	12.75%	12.55%	11.62%	11.62%	10.55%
FWD Singapore and FWD Bermuda Singapore	7.15%	7.55%	7.35%	6.50%	7.00%	7.50%
FWD Vietnam	10.75%	10.75%	10.65%	9.70%	9.30%	9.30%
FWD Cambodia	11.85%	12.10%	12.60%	NA ⁽¹⁾	NA ⁽¹⁾	NA ⁽¹⁾
Group Office expense adjustments	7.55%	7.80%	8.20%	NA	NA	NA

Business Units	Long-Term 10-Year Government Bond Yields Assumptions			Current Market 10-Year Government Bond Yields		
	As at	As at	As at	As at	As at	As at
	31 Dec 2022	31 Dec 2023	31 Dec 2024	31 Dec 2022	31 Dec 2023	31 Dec 2024
FWD Hong Kong and FWD Macau	2.75% (USD); 2.40% (HKD)	3.00% (USD); 2.75% (HKD)	3.50% (USD); 3.25% (HKD)	3.88% (USD); 3.65% (HKD)	3.88% (USD); 3.22% (HKD)	4.58% (USD); 3.70% (HKD)
FWD Japan and FWD Reinsurance	0.25%	0.50%	1.25%	0.42%	0.62%	1.08%
FWD Thailand	3.20%	3.20%	3.20%	2.64%	2.70%	2.30%
FWD Indonesia and BRI Life	7.50%	7.25%	6.50%	6.93%	6.48%	7.02%
FWD Malaysia and FWD IB	4.00%	4.15%	3.75%	4.02%	3.74%	3.82%
FWD Philippines	5.75%	5.75%	5.75%	6.98%	6.02%	6.18%

Business Units	Long-Term 10-Year Government Bond Yields Assumptions			Current Market 10-Year Government Bond Yields		
	As at	As at	As at	As at	As at	As at
	31 Dec 2022	31 Dec 2023	31 Dec 2024	31 Dec 2022	31 Dec 2023	31 Dec 2024
FWD Singapore and FWD Bermuda Singapore	2.40%	2.80%	2.70%	3.09%	2.71%	2.86%
FWD Vietnam	4.00%	4.00%	4.00%	5.04%	2.39%	3.12%
FWD Cambodia	NA ⁽¹⁾	NA ⁽¹⁾	NA ⁽¹⁾	NA ⁽¹⁾	NA ⁽¹⁾	NA ⁽¹⁾
Group Office expense adjustments	NA	NA	NA	NA	NA	NA

NA: Not applicable as either the Business Unit was acquired after the Valuation Date or the assumption is not used in the valuation.

Note (1): NA as the investment return assumption for FWD Cambodia has been set with reference to fixed deposit rates.

The private equity investment return assumption has been set by FWD Group at 9.75% p.a. as at 31 December 2022 and 31 December 2023 and 10.00% p.a. as at 31 December 2024. This equates to a private equity risk premium of 7.00% p.a., 6.75% p.a. and 6.50% above the assumed long-term USD10-year long-term government bond yield as at 31 December 2022, 31 December 2023 and 31 December 2024 valuation dates, respectively. FWD Group has derived these assumptions from internal investment management views based on historical performance of the broad private equity market, the Company's actual alternative portfolio returns and market forecasts that predict return premia on private investments over public equity.

4.2. PERSISTENCY

Persistency assumptions include lapses, premium holidays, partial withdrawals and renewals. The assumptions differ by policy year and are usually split by product or product type. They have been determined by each Business Unit based on historical experience where statistically credible, with allowance for current and future trends and with reference to pricing assumptions where the data available is limited or not statistically credible.

4.3. MORTALITY

Mortality assumptions have been determined by each Business Unit based on historical experience where statistically credible and with reference to either pricing assumptions or industry experience where there is limited claims experience available. The assumptions have been expressed as a percentage of either a standard industry experience table or set as a percentage of reinsurance rates.

For the following Business Units, an allowance has also been made for assumed future mortality improvement (set with reference to a combination of population, industry and company experience):

- FWD Hong Kong and FWD Macau: Mortality improvement has been applied on all lines of business.
- FWD Japan and FWD Reinsurance: Mortality improvement rate has been applied on certain products, namely “Medical Check”, Accident & Health and annuity products.

4.4. MORBIDITY

Similar to mortality, morbidity assumptions have been developed based on historical experience where statistically credible, with allowance for current and future trends, and with reference to pricing assumptions where the data available is limited or not statistically credible. The assumptions have either been set as a percentage of reinsurance rates or expressed as a loss ratio applied to the premium earned.

4.5. EXPENSES

The expense assumptions have been set by each Business Unit considering both historical experience and projected expenses in the relevant business plans. Using these expense assumptions results in expense overruns and commission overruns in the short term, as the aggregated amounts in the Valuation Models are lower than current operating expenses and commission-related costs. These overruns are expected to reduce over time based on business plan forecasts prepared by the Business Units.

The long-term unit cost loadings have been set to support the general operating expenses in line with approved business plans. Any one-off and non-recurrent expenses have been excluded from the expense loadings. FWD Group's justification for using long-term unit cost loadings is that expense overruns and commission overruns are expected to be eliminated in the short to medium term. The results, therefore, are reliant on the ability of the Business Units to reduce these expense overruns and commission overruns as planned.

Acquisition expense overruns and commission overruns

Using these long-term unit cost loadings, the present value of the projected acquisition expense overruns and commission overruns, based on the approved business plans prepared by the Business Units as at the respective Valuation Dates, exclude one-off and non-recurrent expenses, are net of corporate tax¹⁹ and have been discounted at the respective risk discount rate applicable to each Business Unit shown in Table 4.1.

¹⁹ No corporate tax has been applied to Business Units that are in a fiscal tax loss position as at the respective Valuation Dates.

Maintenance expense overruns – VIF adjustment

The VIF includes deductions relating to future maintenance expense overruns for in-force business based on the latest business plans of the Business Units. The provision for expense overruns assumed in the VIF excludes future acquisition expense overruns and commission overruns, any expected one-off and non-recurrent expenses, and future maintenance expense overruns for new business that was not in-force as at the respective Valuation Dates. The present value of these maintenance expense overruns (net of corporate tax) over the track record period, as reflected in the VIF, is set out in Table 4.2.

Table 4.2: Breakdown of present value of projected maintenance expense overruns (after tax) allowed for within VIF (in USD millions)

	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2024
Present value of projected maintenance expense overruns	(36)	(37)	(56)

Operating expense and commission variance

The EV and VNB results have been based on long-term unit cost loadings. Based on these assumptions, most Business Units reported a negative expense and commission variance across the track record period, i.e. the long-term unit cost loadings are less than the actual operating expenses and commission payments. Operating expense and commission variance is net of corporate tax and reflects the aggregate expense and commission loadings included in the Valuation Models less the actual expense and commissions incurred in the period. FWD Group has provided a further breakdown of the operating expense and commission variance into acquisition expense and commission-related expense variance, and maintenance expense variance, as presented in Table 4.3.

Across the track record period, the actual expense and commission variance has reduced from 2022 to 2024.

Table 4.3: Breakdown of operating expense and commission variance for operating entities (in USD millions)

	2022	2023	2024
Acquisition expense and commission- related expense variance	(121)	(119)	(42)
Maintenance expense variance	(28)	(13)	(17)
Operating expense and commission variance	(149)	(132)	(59)

Figures may not be additive due to rounding.

The operating expense and commission variance set out in Table 4.3 excludes any one-off and non-recurrent expenses. These one-off and non-recurrent expenses relate to costs incurred by Business Units to cover FWD Group initiatives and project-related spending (e.g. integration costs). They have been treated as non-operating expenses and presented separately in Table 5.10.

Group Office expenses – VIF adjustment

Group Office expenses are divided into two categories: allocated and unallocated expenses. The allocated Group Office expenses have been charged directly to Business Units and accounted for in the expense studies prepared by each Business Unit when determining expense loadings. The unallocated Group Office expenses are incurred in respect of shareholder services and other developments. The projected unallocated Group Office expenses assumed in the 2023 EV and 2024 EV include allowance for an increase in allocation of Group Office expenses to Business Units (to the extent that these expenses can be absorbed by expense underruns forecast in the Business Units' business plans) combined with a planned reduction in the overall expenses. These unallocated Group Office expenses have all been included in the consolidated EV, as FWD Group does not split them into acquisition and maintenance expenses.

The adjustment for unallocated Group Office expenses has been calculated as the present value of the projected unallocated Group Office expenses, discounted at the risk discount rates applicable for Hong Kong. The unallocated Group Office expenses do not include expenses attributable to FWD Group's strategic initiatives, as no shareholder value has yet been placed on these initiatives. Any costs relating to these initiatives will be captured as a reduction to ANW as they are incurred. Group's costs related to the platform for insurance services (e.g. claims, underwriting) are included, and no revenue anticipated from potential future partnerships is allowed for. The projection of unallocated Group Office expenses for the first three²⁰ projection years is based on FWD Group's internal business plan. For projection years four and five, these expense are assumed to continue to grow at the same rate as observed in the third projection year. From projection years six to year ten, FWD Group has assumed that the unallocated Group Office expenses will reduce as more expenses can be allocated to Business Units, with unallocated Group Office expenses from projection years eleven to fifteen growing at the inflation rate assumed for Hong Kong of 2.3% p.a. A 15-year period has been used to reflect the run-off of in-force business, in line with FWD Group EV policy (referred to as "EV Policy"). The same term and inflation assumption has been used for each year of the track record period.

²⁰ Starting from 2024, FWD Group has changed the business plan period from five years to three years.

The present value of the unallocated Group Office expenses allowed for in the VIF is set out in Table 4.4. Any movement relating to unallocated Group Office expenses has been captured within the corporate centre expenses item in the analysis of EV movement (please see Table 5.9).

Table 4.4: Present value of unallocated Group Office expenses allowed for within VIF (in USD millions)

	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2024
Unallocated Group Office expenses	(558)	(558)	(477)

4.6. EXPENSE INFLATION

The assumed long-term expense inflation rates used by the Business Units as at the respective Valuation Dates are set out in Table 4.5.

Table 4.5: Expense inflation rate (% p.a.)

Business Units	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2024
FWD Hong Kong and FWD Macau	2.3%	2.3%	2.3%
FWD Japan and FWD Reinsurance	0.0%	0.0% until 31 December 2024, 0.37% thereafter	0.37%
FWD Thailand	2.0%	2.0%	2.0%
FWD Indonesia and BRI Life	3.5%	3.5%	3.5%
FWD Malaysia and FWD IB	3.0%	3.0%	3.0%
FWD Philippines	3.0%	3.0%	3.0%
FWD Singapore and FWD Bermuda Singapore	3.0%	3.0%	3.0%
FWD Vietnam	5.0%	5.0%	5.0%
FWD Cambodia	5.0%	5.0%	5.0%

4.7. REINSURANCE

The reinsurance assumptions have been developed based on the reinsurance arrangements in-force as at the respective Valuation Dates for each Business Unit, with reference to historical and expected future experience.

4.8. DIVIDENDS, PROFIT SHARING AND CREDITING RATES

The projected dividends, profit sharing and crediting rate assumptions have been determined by each Business Unit taking into account the investment return assumptions and profit sharing rules (from regulatory and/or internal governance requirements), as well as other commercial considerations such as market competition and policyholders' reasonable expectations.

4.9. TAXATION

The projected statutory profits used to determine the EV and VNB are net of corporate tax. The projections take into account, where applicable, any benefits arising from tax losses carried forward, and have been based on a continuation of the current tax legislation in each jurisdiction. The corporate tax rates used by each Business Unit as at the respective Valuation Dates are set out in Table 4.6.

Table 4.6: Corporate tax rates (%)

Business Units	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2024
FWD Hong Kong	16.5%	16.5%	16.5%
FWD Macau	12.0%	12.0%	12.0%
FWD Japan	28.0%	28.0%	28.0%
FWD Reinsurance	0.0%	0.0%	0.0%
FWD Thailand	20.0%	20.0%	20.0%
FWD Indonesia and BRI Life	22.0%	22.0%	22.0%
FWD Malaysia and FWD IB	24.0%	24.0%	24.0%
FWD Philippines ²¹	1.0% to 30 June 2023, 2.0% thereafter ^{(See note (1))} for minimum corporate income tax ("MCIT") 25.0% for corporate income tax ("CIT")	2.0% for MCIT 25.0% for CIT	2.0% for MCIT 25.0% for CIT
FWD Singapore and FWD Bermuda Singapore	17.0%	17.0%	17.0%
FWD Vietnam	0.0% until 31 Dec 2026, 20.0% thereafter ^{(See note (2))}	20.0%	20.0%
FWD Cambodia	20.0%	20.0%	20.0%

Note (1): Reflects updates to the Corporate Recovery and Tax Incentive for Enterprises Act executed in March 2021, whereby the MCIT was reduced retrospectively to 1% effective from 1 July 2020 up to 30 June 2023.

Note (2): 0% until 2026 due to tax losses; 20.0% from 2027 onwards.

²¹ In the Philippines, corporate tax in any year is based on the greater of: (i) CIT, where taxable income excludes investment income that is already subject to investment income tax; and (ii) MCIT. The projected statutory profits for FWD Philippines have been based on MCIT, aligned with the Business Unit's current tax position.

For each Business Unit, FWD has assessed whether an additional tax adjustment will need to be made to reflect the global minimum tax initiative driven by the Organization for Economic Co-operation and Development and this has been accounted for separately within the consolidated group results. Based on FWD's assessment, a Group Corporate Centre tax adjustment has been applied to FWD Macau, with incremental tax of 3% applied, reflecting the difference between the corporate tax rate of 12% and global minimum tax rate of 15% in the calculation of YE2024 EV presented in this Report. For FWD Reinsurance where corporate tax is nil, no adjustments have been applied as it is uncertain at this juncture whether the global minimum tax rate will apply. FWD has assessed an estimated impact of USD(55) million to YE2024 EV if the global minimum tax rate of 15% was to apply to profits arising from FWD Reinsurance.

Given the uncertainty around the timing of dividend distributions, no allowance has been made to the EV Results to reflect any withholding or remittance taxes that may be applicable on any future dividend distributions from the Business Units to FWD Group. FWD Group has performed certain projections of the withholding tax position of the relevant Business Units and concluded the impact to the EV Results as at 31 December 2024 would be immaterial (approximately 1% of the operating entity EV), and we have relied on FWD Group's internal assessment in this respect.

4.10. STATUTORY VALUATION BASIS

The EV Results have been based on reserves being projected in line with the prevailing regulatory framework applicable in each jurisdiction as at the respective Valuation Dates.

For FWD Hong Kong, the statutory reserving basis has been updated to the HK RBC basis from 1 July 2022.

For FWD Reinsurance, the statutory valuation basis has been revised from an IFRS 4 basis to an IFRS 17 basis, with effect from 1 January 2023.

4.11. PRODUCT CHARGES

The management fees and product charges reflect those that were applicable as at the respective Valuation Dates.

4.12. EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the last reporting date (i.e. 31 December 2024) are set out in Note 36 to the IFRS accounts.

5 EV RESULTS

5.1. EMBEDDED VALUE

A summary of the Group EV as at each of the respective Valuation Dates is set out in Table 5.1. The levels of required capital amounts have been set by the Business Units at the level at which local regulatory intervention is expected and are listed in Table 3.1.

Table 5.1: Breakdown of Group EV (in USD millions)

	As at 31 Dec 2022			As at 31 Dec 2023			As at 31 Dec 2024		
	ANW	VIF	EV	ANW	VIF	EV	ANW	VIF	EV
Operating entity EV	5,009	4,357	9,366	6,084	3,384	9,467	6,010	3,453	9,463
Plus: Corporate & Other net assets	1,091	–	1,091	933	–	933	357	–	357
Less: Unallocated Group Office expenses and Group Corporate Centre tax	–	(558)	(558)	–	(558)	(558)	–	(482)	(482)
Less: Financing	(3,833)	–	(3,833)	(4,161)	–	(4,161)	(3,770)	–	(3,770)
Group EV	2,268	3,798	6,066	2,856	2,826	5,682	2,597	2,972	5,569

Figures may not be additive due to rounding.

The Group EV reduced by USD385 million in 2023 (from USD6,066 million as at 31 December 2022 to USD5,682 million as at 31 December 2023) and USD113 million in 2024 (from USD5,682 million as at 31 December 2023 to USD5,569 million as at 31 December 2024). The reduction in Group EV in 2024 was due to the negative impact of operating and economic variances, operating and economic assumption changes implemented as at 31 December 2024, other non-operating variances, foreign exchange movements, Group financing, and corporate centre expenses, which collectively more than offset the positive impact arising from expected return on EV and VNB contribution.

A summary of the financing, split into borrowings and perpetual securities, is presented in Table 5.2. Perpetual securities have been further subdivided between external (i.e. securities sold to external parties) and intercompany securities. External perpetual securities have been treated as equity in the IFRS accounts, with the carrying value of these securities deducted in the EV (please see Table 5.4).

Further details of the movement in EV are presented in Section 5.3 of this Report.

Table 5.2: Breakdown of FWD Group financing (in USD millions)

	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2024
Borrowings (1)	(2,216)	(2,531)	(2,793)
Intercompany perpetual securities (2)	(263)	(282)	(236)
External perpetual securities (3)	(1,354)	(1,348)	(741)
Total financing (4) = (1) + (2) + (3)	(3,833)	(4,161)	(3,770)

Figures may not be additive due to rounding.

EV EQUITY

EV equity is defined to be the equity attributable to shareholders and reflects the Group EV, adjusted to include goodwill and other intangible assets attributable to shareholders. Table 5.3 shows the results on an EV equity basis as at the respective Valuation Dates. The goodwill represents the excess of the cost of acquisition as recognised in the IFRS accounts (net of impairments), while other intangible assets reflect the bancassurance access fees (net of deferred payments) paid by FWD Thailand, FWD Indonesia, FWD Philippines, FWD Vietnam and BRI Life in respect of distribution through The Siam Commercial Bank Public Company Limited ("SCB"), PT Bank Commonwealth, Security Bank Corporation, Nam A Commercial Joint Stock Bank and Vietcombank, and PT Bank Rakyat Indonesia (Persero) Tbk respectively.

Table 5.3: Breakdown of EV equity (in USD millions)

	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2024
Group EV	6,066	5,682	5,569
Plus: Goodwill and other intangible assets	3,222	3,186	3,167
EV equity	9,288	8,867	8,736

Figures may not be additive due to rounding.

RECONCILIATION OF ANW FROM IFRS EQUITY

The ANW has been derived from the IFRS equity as presented in the IFRS accounts as at the Valuation Dates, and incorporates various adjustments including:

- Difference between IFRS and local statutory asset and liability items
- Mark-to market adjustments for property and mortgage loan and other investments, net of amounts attributable to participating funds

- Elimination of intangible assets including goodwill, bancassurance access fees, computer software and other intangible assets
- Recognition of deferred tax impacts of the above adjustments
- Recognition of non-controlling interest impacts of the above adjustments in respect of FWD Thailand and FWD IB
- Negative adjustment reflecting the carrying value of external perpetual securities, as these securities are treated as equity in the IFRS accounts

Reconciliation of the IFRS equity attributable to shareholders and ANW as at the respective Valuation Dates for FWD Group are presented in Table 5.4.

Table 5.4: Reconciliation of FWD Group IFRS equity and ANW (USD millions)

	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2024
IFRS equity attributable to shareholders ²²	8,488	7,582	6,753
Difference between IFRS and local statutory asset and liability items	(3,130)	(1,283)	(726)
Mark-to-market adjustment for property and mortgage loan and other investments, net of amounts attributable to participating funds	1,416	1,263	585
Elimination of intangible assets ²³	(3,420)	(3,366)	(3,327)
Recognition of deferred tax impacts of the above adjustments	269	38	95
Recognition of non-controlling interest impacts of the above adjustments	(1)	(30)	(42)
Elimination of external perpetual securities	(1,354)	(1,348)	(741)
ANW	2,268	2,856	2,597

Figures may not be additive due to rounding.

²² The IFRS equity as at 31 December 2022, 31 December 2023 and 31 December 2024 disclosed in Note 6.3 of the IFRS accounts was USD8,489 million (restated), USD7,632 million and USD6,814 million respectively. The difference is due to equity attributable to non-controlling interests, which has been deducted in the figures presented in Table 5.4. The IFRS equity as at 31 December 2022 has been restated following transition to an IFRS 17 accounting basis.

²³ The value of intangible assets as at 31 December 2022, 31 December 2023 and 31 December 2024 disclosed in Note 14 of the IFRS accounts was USD3,207 million, USD3,154 million and USD3,085 million respectively. The difference relates to intangible assets attributed to BRI Life which have been included under "Investment in associates and a joint venture" in the IFRS accounts.

BREAKDOWN OF ANW

A breakdown of the ANW between required capital and free surplus as at the respective Valuation Dates are set out in Table 5.5. The required capital amounts have been set by the Business Units at the level at which local regulatory intervention is expected and are summarised in Table 3.1. For corporate and other adjustments, the free surplus covers corporate and other net assets, while financing has been reflected as a separate item.

Table 5.5: Breakdown of ANW of FWD Group (in USD millions)

	As at 31 Dec 2022			As at 31 Dec 2023			As at 31 Dec 2024		
	Op. Entity	Corp. & others	Total	Op. Entity	Corp. & others	Total	Op. Entity	Corp. & others	Total
Free surplus	3,049	1,091	4,141	3,821	933	4,754	4,081	357	4,438
Required capital	1,960	–	1,960	2,263	–	2,263	1,929	–	1,929
Less: Financing	–	(3,833)	(3,833)	–	(4,161)	(4,161)	–	(3,770)	(3,770)
ANW	5,009	(2,742)	2,268	6,084	(3,228)	2,856	6,010	(3,413)	2,597

Figures may not be additive due to rounding.

Op. Entity: Operating entities. Corp. & others: Reflects corporate and other adjustments.

EARNINGS PROFILE

The projected after-tax distributable earnings of FWD Group on a discounted and undiscounted basis for the in-force business as at 31 December 2022, 31 December 2023 and 31 December 2024 are set out in Table 5.6.

The net-of-tax distributable earnings are defined as the distributable profits to shareholders from the assets backing the statutory reserves and the required capital of in-force business as at the respective Valuation Dates. On a discounted basis, the total net-of-tax distributable earnings are equal to the sum of the required capital and the VIF for the Business Units and corporate and other adjustments.

Table 5.6: Cash flow profile of net-of-tax distributable earnings for FWD Group in-force business (in USD millions)

Expected period of Emergence	As at 31 Dec 2022		As at 31 Dec 2023		As at 31 Dec 2024	
	Undiscounted	Discounted	Undiscounted	Discounted	Undiscounted	Discounted
1 – 5 years	2,125	1,733	1,806	1,468	1,585	1,201
6 – 10 years	2,638	1,493	2,465	1,359	2,679	1,492
11 – 15 years	2,263	915	2,107	813	2,076	800
16 – 20 years	1,836	528	1,679	447	1,746	455
21 years and thereafter	22,324	1,089	25,851	1,001	27,519	953
Total	31,185	5,758	33,908	5,088	35,605	4,901

Figures may not be additive due to rounding.

The discounted value of net-of-tax distributable earnings (2022: USD5,758 million, 2023: USD5,088 million, 2024: USD4,901 million) plus free surplus (2022: USD4,141 million, 2023: USD4,754 million, 2024: USD4,438 million) less financing (2022: USD(3,833) million, 2023: USD(4,161) million, 2024: USD(3,770) million) is equal to the EV (2022: USD6,066 million, 2023: USD5,682 million, 2024: USD5,569 million).

5.2. VALUE OF NEW BUSINESS

The VNB and the new business margins for new business written for the track record period are presented in Table 5.7 and Table 5.8 respectively, split by region. The 2023 results have been presented on both the reported basis and the like-for-like basis as described in Section 2. Figures do not include allowance for acquisition expense overruns and commission overruns in respect of the underlying new business. Details of the historical operating expense and commission variance over the track record period are set out in Table 4.3.

For each region, the VNB has been further split into the following segments:

- Hong Kong: Split between “Onshore”²⁴ and “Offshore” business
- Japan: Split between Corporate Owned Life Insurance (“COLI”) business and individual line of business (“Individual”)
- Thailand: Split between business generated through SCB and the other distribution channels of SCB Life (“SCB”), and all other lines of business (“Others”)
- Emerging Markets: Business generated through entities in Indonesia, Malaysia, the Philippines, Singapore and Vietnam

²⁴ FWD defines the split of “Onshore” and “Offshore” business for Hong Kong according to the policyholder’s identity number. Where the policyholder has a Hong Kong SAR identity number, the policy is classified as Onshore. Otherwise, it is classified as Offshore.

Table 5.7: Breakdown of VNB by region (in USD millions)

	2022			2023			2024				
	Reported basis			Reported basis			Like-for-like basis		Reported basis		
	NB APE	PVNB	VNB	NB APE	PVNB	VNB	NB APE	VNB	NB APE	PVNB	VNB
Hong Kong											
Onshore	243	2,082	175	242	1,872	186	239	129	376	2,167	166
Offshore	83	665	41	270	1,367	137	270	122	426	1,946	167
Sub-total	327	2,747	216	512	3,239	323	510	251	802	4,113	333
Japan											
COLI	33	178	17	12	47	4	12	4	10	38	3
Individual	134	1,039	121	113	865	132	113	81	108	736	85
Sub-total	167	1,217	138	125	911	136	125	85	118	774	88
Thailand											
SCB	350	1,636	199	444	1,832	231	444	212	418	1,811	228
Others	136	667	71	175	827	104	164	85	159	697	49
Sub-total	485	2,303	270	619	2,659	335	609	297	577	2,508	278
Emerging Markets											
Sub-total	429	1,858	198	390	1,854	197	373	116	420	1,938	136
Total	1,408	8,126	823	1,646	8,663	991	1,616	749	1,916	9,333	834

Figures may not be additive due to rounding.

NB APE: New Business APE (i.e. 100% of annualised first year premium plus 10% of single premium). PVNB: Present value of projected new business premium discounted at the same risk discount rates as VNB.

Table 5.7a: NB APE and VNB growth rate by region on a like-for-like basis

	NB APE		VNB	
	CER basis 2023-2024 CAGR	AER basis 2023-2024 CAGR	CER basis 2023-2024 CAGR	AER basis 2023-2024 CAGR
Hong Kong				
Onshore	57.0%	57.0%	29.1%	29.1%
Offshore	57.6%	57.6%	36.2%	36.2%
Sub-total	57.3%	57.3%	32.5%	32.5%
Japan				
COLI	(10.9%)	(18.4%)	(20.0%)	(26.5%)
Individual	3.6%	(3.9%)	13.1%	4.8%
Sub-total	2.3%	(5.3%)	11.7%	3.4%
Thailand				
SCB	(4.1%)	(6.0%)	9.9%	7.8%
Others	(2.6%)	(3.4%)	(42.1%)	(42.5%)
Sub-total	(3.7%)	(5.3%)	(5.1%)	(6.7%)
Emerging Markets				
Sub-total	16.0%	12.7%	20.4%	17.3%
Total	20.9%	18.6%	13.5%	11.3%

Figures may not be additive due to rounding.

CER: Constant exchange rate (refer to Section 3.5 for the definition of CER). AER: Actual exchange rate.

NB APE: New Business APE (i.e. 100% of annualised first year premium plus 10% of single premium).

CAGR: Compound annual growth rate.

Table 5.7b: NB APE and VNB growth rate by region on a reported basis

	NB APE					
	CER basis			AER basis		
	2022- 2023 CAGR	2023- 2024 CAGR	2022- 2024 CAGR	2022- 2023 CAGR	2023- 2024 CAGR	2022- 2024 CAGR
Hong Kong						
Onshore	(0.4%)	55.1%	24.3%	(0.4%)	55.1%	24.3%
Offshore	<u>223.7%</u>	<u>57.6%</u>	<u>125.9%</u>	<u>223.7%</u>	<u>57.6%</u>	<u>125.9%</u>
Sub-total	<u>56.8%</u>	<u>56.4%</u>	<u>56.6%</u>	<u>56.8%</u>	<u>56.4%</u>	<u>56.6%</u>
Japan						
COLI	(59.9%)	(10.9%)	(40.2%)	(63.5%)	(18.4%)	(45.4%)
Individual	<u>(9.8%)</u>	<u>3.6%</u>	<u>(3.3%)</u>	<u>(16.0%)</u>	<u>(3.9%)</u>	<u>(10.2%)</u>
Sub-total	<u>(19.3%)</u>	<u>2.3%</u>	<u>(9.2%)</u>	<u>(25.3%)</u>	<u>(5.3%)</u>	<u>(15.9%)</u>
Thailand						
SCB	26.6%	(4.1%)	10.2%	27.1%	(6.0%)	9.3%
Others	<u>27.8%</u>	<u>(8.6%)</u>	<u>8.1%</u>	<u>28.9%</u>	<u>(9.3%)</u>	<u>8.2%</u>
Sub-total	<u>26.9%</u>	<u>(5.3%)</u>	<u>9.6%</u>	<u>27.6%</u>	<u>(6.9%)</u>	<u>9.0%</u>
Emerging Markets						
Sub-total	<u>(7.7%)</u>	<u>10.9%</u>	<u>1.4%</u>	<u>(9.0%)</u>	<u>7.8%</u>	<u>(1.0%)</u>
Total	<u><u>18.3%</u></u>	<u><u>18.6%</u></u>	<u><u>18.8%</u></u>	<u><u>17.0%</u></u>	<u><u>16.4%</u></u>	<u><u>16.7%</u></u>

	VNB					
	CER basis			AER basis		
	2022- 2023 CAGR	2023- 2024 CAGR	2022- 2024 CAGR	2022- 2023 CAGR	2023- 2024 CAGR	2022- 2024 CAGR
Hong Kong						
Onshore	6.1%	(10.6%)	(2.6%)	6.1%	(10.6%)	(2.6%)
Offshore	231.9%	21.3%	100.6%	231.9%	21.3%	100.6%
Sub-total	49.3%	3.0%	24.0%	49.3%	3.0%	24.0%
Japan						
COLI	(74.2%)	(28.5%)	(57.1%)	(76.1%)	(34.3%)	(60.4%)
Individual	16.6%	(30.3%)	(9.8%)	8.8%	(35.4%)	(16.1%)
Sub-total	5.4%	(30.2%)	(14.2%)	(1.8%)	(35.3%)	(20.3%)
Thailand						
SCB	15.5%	1.0%	8.0%	16.0%	(0.9%)	7.2%
Others	45.4%	(52.6%)	(17.0%)	46.9%	(53.0%)	(16.9%)
Sub-total	23.5%	(15.8%)	2.0%	24.1%	(17.2%)	1.4%
Emerging Markets						
Sub-total	0.3%	(28.8%)	(15.3%)	(0.8%)	(30.9%)	(17.2%)
Total	<u>21.9%</u>	<u>(14.0%)</u>	<u>2.6%</u>	<u>20.4%</u>	<u>(15.8%)</u>	<u>0.7%</u>

Figures may not be additive due to rounding.

CER: Constant exchange rate (refer to Section 3.5 for the definition of CER). AER: Actual exchange rate.

NB APE: New Business APE (i.e. 100% of annualised first year premium plus 10% of single premium).

CAGR: Compound annual growth rate.

Table 5.8: New business margin by region

	New business margin						
	2022		2023			2024	
	Reported basis		Reported basis		Like-for-like basis	Reported basis	
	% of NB APE	% of PVNBP	% of NB APE	% of PVNBP	% of NB APE	% of NB APE	% of PVNBP
Hong Kong							
Onshore	71.9%	8.4%	76.6%	9.9%	53.7%	44.2%	7.7%
Offshore	49.6%	6.2%	50.9%	10.1%	45.3%	39.1%	8.6%
Sub-total	66.2%	7.9%	63.0%	10.0%	49.3%	41.5%	8.1%
Japan							
COLI	53.1%	9.7%	34.7%	8.8%	31.0%	28.0%	7.2%
Individual	90.2%	11.6%	117.0%	15.2%	72.1%	78.7%	11.6%
Sub-total	83.0%	11.4%	109.1%	14.9%	68.2%	74.5%	11.3%
Thailand							
SCB	56.9%	12.2%	51.9%	12.6%	47.7%	54.7%	12.6%
Others	52.3%	10.7%	59.6%	12.6%	52.0%	30.9%	7.0%
Sub-total	55.6%	11.7%	54.1%	12.6%	48.9%	48.1%	11.1%
Emerging Markets							
Sub-total	46.2%	10.7%	50.4%	10.6%	31.1%	32.3%	7.0%
Total	<u>58.5%</u>	<u>10.1%</u>	<u>60.2%</u>	<u>11.4%</u>	<u>46.4%</u>	<u>43.5%</u>	<u>8.9%</u>

Figures may not be additive due to rounding.

NB APE: New Business APE (i.e. 100% of annualised first year premium plus 10% of single premium). PVNBP: Present value of projected new business premium discounted at the same risk discount rates as VNB.

At the FWD Group level, the Company reported a 2024 VNB of USD834 million for the year, with VNB increasing on a like-for-like basis from 2023 by 13.5% on a CER basis (11.3% increase on an AER basis). The VNB growth was mainly driven by the strong sales growth from Hong Kong, leading to an increase in FWD Group NB APE in the year of 20.9% on a CER basis (18.6% per annum increase on an AER basis) from 2023 like-for-like NB APE of USD1,616 million to USD1,916 million in 2024. Over the track period, the VNB only grew marginally by 2.6% per annum on a CER basis (0.7% per annum increase on an AER basis), despite the

strong NB APE growth of 18.8% per annum on a CER basis (16.7% per annum increase on an AER basis), as the new business margin fell from 58.5% of NB APE in 2022 to 43.5% in 2024, with fall driven largely by operating assumption changes made since 31 December 2023.

For Hong Kong, the VNB on a like-for-like basis increased significantly by 32.5% on both a CER and an AER basis from 2023 to 2024. Over the track record period, Hong Kong also reported strong growth of 24.0% per annum on both a CER and an AER basis. The increase in VNB was mainly driven by the strong sales, especially from offshore business, following the lifting of COVID-19 restrictions towards the end of 2022, with total NB APE increasing over the track record period by 56.6% per annum on both a CER and an AER basis. The new business margin reduced from 66.2% of NB APE in 2022 to 41.5% in 2024, as a result of the strengthening of operating assumptions since 31 December 2023 and the allowance for costs associated with agency recruitment programs within the VNB starting from 2024, and this is partly offset by a positive impact on the new business margin due to moving to the HK RBC regime in the second half of 2022.

For Japan, the VNB on a like-for-like basis increased by 11.7% on a CER basis (3.4% on an AER basis) from 2023 to 2024. Over the track record period, the VNB however reduced by 14.2% per annum on a CER basis (20.3% per annum decrease on an AER basis). The reduction in VNB is a result of the new business margin reducing from 83.0% of NB APE in 2022 to 74.5% in 2024 which was primarily due to operating assumption changes made since 31 December 2023, combined with a significant reduction in the NB APE from 2022 to 2024 by 9.2% per annum on a CER basis (15.9% per annum decrease on an AER basis) as a result of the decline in COLI sales driven by tax changes.

For Thailand, the VNB on a like-for-like basis decreased by 5.1% on a CER basis (6.7% decrease on an AER basis) from 2023 to 2024, due to decline in sales in 2024 with NB APE reducing by 3.7% on a CER basis (5.3% decrease on an AER basis). Over the track record period, the VNB increased by 2.0% per annum on a CER basis (1.4% per annum increase on an AER basis), with increase driven by strong growth in sales in 2023, with NB APE from 2022 to 2024 increasing by 9.6% per annum on a CER basis (9.0% per annum increase on an AER basis). The new business margin has reduced from 55.6% of NB APE in 2022 to 48.1% in 2024 as a result of the strengthening of operating assumptions since 31 December 2023.

For Emerging Markets, the VNB on a like-for-like basis increased by 20.4% on a CER basis (17.3% on an AER basis) from 2023 to 2024. On the contrary, the VNB over the track record period reduced by 15.3% per annum on a CER basis (17.2% per annum decrease on an AER basis). This was mainly due to a decline in the new business margin from 46.2% of NB APE in 2022 to 32.3% in 2024 following methodology and assumptions changes made since 31 December 2023. Over the track record period, the NB APE increased marginally by 1.4% on a CER basis (1.0% decrease on an AER basis).

5.3. ANALYSIS OF EV MOVEMENT

A breakdown of the EV movement for the track record period at a consolidated group level is presented in Table 5.9.

Table 5.9: Analysis of EV movement of FWD Group (in USD millions)

	Year ended 31 Dec 2022			Year ended 31 Dec 2023			Year ended 31 Dec 2024		
	ANW	VIF	EV	ANW	VIF	EV	ANW	VIF	EV
Opening EV (1)	2,369	3,362	5,731	2,268	3,798	6,066	2,856	2,826	5,682
Impact of HK RBC early adoption (2)	1,203	(771)	433	–	–	–	–	–	–
Acquisitions & partnerships/Discontinued business (3)	(23)	5	(18)	16	19	34	(59)	6	(53)
Expected return on EV (4)	904	(360)	543	1,124	(509)	615	876	(258)	618
VNB (5)	–	823	823	–	991	991	–	834	834
Operating variance and operating assumption change (6) = (7) + (8) + (9)	(290)	(49)	(339)	(501)	(499)	(1,000)	(142)	(158)	(300)
Operating variance – claims/persistency/expense (7)	(250)	(44)	(294)	(303)	(61)	(363)	(15)	(19)	(33)
Operating variance – Others (8)	(18)	2	(17)	11	(2)	9	(9)	0	(9)
Operating assumption change (9)	(22)	(6)	(29)	(209)	(436)	(645)	(118)	(140)	(258)
Total EV operating profit (10) = (4) + (5) + (6)	613	414	1,027	623	(18)	606	735	417	1,152
Economic variance and economic assumption change (11) = (12) + (13)	(1,591)	1,045	(545)	31	(242)	(211)	78	(272)	(194)
Economic variance (12)	(1,588)	796	(792)	28	(142)	(115)	72	(190)	(118)
Economic assumption change (13)	(3)	250	247	3	(100)	(97)	6	(82)	(76)
Other non-operating variance (14)	(204)	(54)	(259)	416	(626)	(211)	(341)	51	(290)
Total EV profit (15) = (2) + (10) + (11) + (14)	22	634	656	1,070	(886)	183	472	196	668
Capital movements (16)	400	–	400	–	–	–	–	–	–
Corporate centre expenses (17)	(118)	(2)	(120)	(200)	0	(200)	(162)	41	(121)
Financing (18)	(190)	–	(190)	(257)	–	(257)	(329)	–	(329)
Foreign exchange movement (19)	(192)	(201)	(393)	(40)	(105)	(145)	(180)	(98)	(278)
Closing EV (20) = (1) + (3) + (15) + (16) + (17) + (18) + (19)	2,268	3,798	6,066	2,856	2,826	5,682	2,597	2,972	5,569

Figures may not be additive due to rounding.

The EV of FWD Group increased by USD335 million in 2022 (from USD5,731 million as at 31 December 2021 to USD6,066 million as at 31 December 2022), reduced by USD385 million in 2023 (from USD6,066 million as at 31 December 2022 to USD5,682 million as at 31 December 2023) and reduced by USD113 million in 2024 (from USD5,682 million as at 31 December 2023 to USD5,569 million as at 31 December 2024).

The early adoption of HK RBC (item (2) in Table 5.9) (2022: USD433 million, 2023: zero, 2024: zero) and capital raised in 2022 (item (16) in Table 5.9) (2022: USD400 million, 2023: zero, 2024: USD zero) contributed positively to the 2022 EV.

Activities relating to acquisitions, partnerships and discontinued business (item (3) in Table 5.9) impacted the EV over the track record period (2022: USD(18) million, 2023: USD34²⁵ million, 2024: USD(53) million), where the purchase price to acquire new entities and new distribution channels exceeded the EV contributed by these new entities and channels, which include the increase in the stake in BRI Life and FWD Malaysia in 2024. Corporate centre expenses relating to corporate and other net assets and unallocated Group Office expenses (item (17)) (2022: USD(120) million, 2023: USD(200) million, 2024: USD(121) million), the interest paid on the financing held in the period (item (18) in Table 5.9) (2022: USD(190) million, 2023: USD(257) million, 2024: USD(329) million), and foreign exchange movement (item (19) in Table 5.9) (2022: USD(393) million, 2023: USD(145) million, 2024: USD(278) million) also reduced the EV.

The EV operating profit (item (10) in Table 5.9), comprising returns on EV, VNB, operating variance, and operating assumption change, contributed positively to the EV profit across the track record period (2022: USD1,027 million, 2023: USD606 million, 2024: USD1,152 million). Within these figures, the operating variance was negative across the track record period (2022: USD(311) million, 2023: USD(355) million, 2024: USD(42) million), partly driven by expense and commission variance (2022: USD(149) million, 2023: USD(132) million, 2024: USD(59) million), with the split of the expense and commission variance presented in Table 4.3. Excluding expense and commission variance, the remaining operating variance comes from mortality and morbidity (2022: USD(14) million, 2023: USD(20) million, 2024: USD19 million), persistency (2022: USD(130) million, 2023: USD(211) million, 2024: USD7 million), and others (item (8) in Table 5.9) (2022: USD(17) million, 2023: USD9 million, 2024: USD(9) million). The updates to operating assumptions lead to a reduction in EV (item (9) in Table 5.9) (2022: USD(29) million, 2023: USD(645) million, 2024: USD(258) million). The large reduction observed in 2023 was mainly driven by updates to lapse rate assumptions across most Business Units to align with their recent lapse experience. The Company has continued to monitor the experience and take into account any deterioration trends when setting the lapse rate assumption for 2024, which has subsequently resulted in a positive persistency variance in 2024.

²⁵ The positive impact reported in 2023 was due to the termination of a key reinsurance treaty ceded to FWD Reinsurance.

The EV profit (item (15) in Table 5.9), comprising the impact of the early adoption of HK RBC, EV operating profit, economic variance and economic assumption change, and other non-operating variance was positive across the track record period (2022: USD656 million, 2023: USD183 million, 2024: USD668 million). The other non-operating variance (item (14) in Table 5.9) (2022: USD(259) million, 2023: USD(211) million, 2024: USD(290) million) included the allocation of one-off and non-recurrent expenses to cover FWD Group project-related spending (e.g. integration costs), industrial recruitment packages²⁶, and other one-off adjustments. A detailed breakdown is shown in Table 5.10.

Table 5.10: Breakdown of other non-operating variance (in USD millions)

	Year ended 31 Dec 2022	Year ended 31 Dec 2023	Year ended 31 Dec 2024
Non-operating expenses			
(1) = (2) + (3) + (4) + (5)	(218)	(237)	(149)
Mergers and acquisitions, business set up and restructure related costs (2)	(75)	(82)	(62)
Initial public offering related costs including incentive costs (3)	(69)	(53)	(11)
Implementation costs for new accounting standards and other mandatory regulatory changes (4)	(74)	(66)	(33)
Other non-recurring items ^{(See note (1))} (5)	(0)	(36)	(42)
Industrial recruitment packages ^{(See note (2))} (6)	(44)	(75)	(3)
Others ^{(See note (3))} (7)	3	102	(138)
Total (8) = (1) + (6) + (7)	<u>(259)</u>	<u>(211)</u>	<u>(290)</u>

Figures may not be additive due to rounding.

Note (1): Refers to all other non-recurring items classified as expense variance and includes investment income generated from non-operating entities, including the profits/(losses) arising from impairment of non-operating entities.

Note (2): The costs associated with agency recruitment programs have been included in VNB (item (5) in Table 5.9) with effect from 1 January 2024.

Note (3): Refers to all other non-operating variance including the impact of new and terminated reinsurance agreements, amended distribution agreements, payment/accrual from distribution agreements, movement from Non-Life subsidiaries, and model, methodology and regulatory changes.

²⁶ Prior to 2024, industrial recruitment packages reflected costs associated with recruiting and growing the agency distribution channel. For 2024, these refer to one-off costs not reflected within the VNB only, due to change in methodology of reflecting the costs associated with agency recruitment programs within the VNB with effect from 1 January 2024.

EV OPERATING PROFIT

A breakdown of the EV operating profit, both before and after operating assumption change and other operating variance, is presented in Table 5.11. The EV operating profit after operating assumption change and other operating variance is derived from item 8, item 9 and item 10 of Table 5.9.

Table 5.11: Operating return on EV (in USD millions)

	Year ended 31 Dec 2022	Year ended 31 Dec 2023	Year ended 31 Dec 2024
EV operating profit after operating assumption change and other operating variance (1)	1,027	606	1,152
Plus: Adjustment to reverse out operating assumption change and other operating variance ^{(See note (1))} (2)	45	637	267
EV operating profit before operating assumption change and other operating variance (3) = (1) + (2)	1,072	1,242	1,419

Figures may not be additive due to rounding.

Note (1): Refers to all operating variances other than claims/persistency/expense variances.

5.4. FREE SURPLUS GENERATION

Free surplus represents the excess of the ANW over the required capital (please see Table 5.5). The underlying free surplus generation (item (3) in Table 5.12) represents the free surplus generated from FWD Group each period, adjusted to exclude new business funding and certain non-recurring items. It excludes free surplus used to fund new business, investment return variances and other items, acquisitions, partnerships and discontinued business, capital movements and the impact of financing, but includes the impact of the early adoption of HK RBC and model and methodology updates relating to accounting changes, as classified under item (4) and item (5) respectively in Table 5.12. The net underlying free surplus generation (item (8) in Table 5.12) represents the equivalent results allowing for the free surplus used to fund new business²⁷.

²⁷ Free surplus used to fund new business refers to the change in free surplus arising from writing new business as initial outgoings at outset exceed the income received. Over the life of the contract, the future income is expected to repay this outlay, and the value attributed to this is captured within the VIF.

FWD Group's free surplus decreased by USD34 million in 2022 (from USD342 million as at 31 December 2021 to USD308 million as at 31 December 2022), increased by USD286 million in 2023 (from USD308 million as at 31 December 2022 to USD593 million as at 31 December 2023) and increased by USD75 million in 2024 (from USD593 million as at 31 December 2023 to USD668 million as at 31 December 2024). The change in free surplus is made up of the following key components:

- Capital movements (item (10) in Table 5.12) reflecting capital raised in the year, and which reduced significantly in 2023 and 2024 (2022: USD400 million, 2023: zero, 2024: zero).
- Activities relating to acquisitions, partnerships and discontinued business (item (2) in Table 5.12) (2022: USD(23) million, 2023: USD10 million, 2024: USD(62) million).
- Impact of financing (item (11) in Table 5.12) reflecting the interest paid on the financing held in the year (2022: USD(190) million, 2023: USD(257) million, 2024: USD(329) million).
- Positive underlying free surplus generated (item (3) in Table 5.12) in the year (2022: USD1,753 million, 2023: USD790 million, 2024: USD722 million).
- Negative impact of free surplus used to fund new business (item (7) in Table 5.12) in the year (2022: USD(165) million, 2023: USD(6) million, 2024: USD(14) million).
- One-off impact on free surplus resulting from investment return variances and other items (item (9) in Table 5.12) in the year (2022: USD(1,810) million, 2023: USD(252) million, 2024: USD(242) million).

Table 5.12 provides a breakdown of the movement of free surplus of FWD Group for the track record period.

Table 5.12: Analysis of movement of free surplus (in USD millions)

	Year ended 31 Dec 2022			Year ended 31 Dec 2023			Year ended 31 Dec 2024		
	Op. Entity	Group adj.	Total	Op. Entity	Group adj.	Total	Op. Entity	Group adj.	Total
Opening free surplus (1)	2,843	(2,501)	342	3,049	(2,742)	308	3,821	(3,228)	593
Acquisitions & partnerships/ Discontinued business (2)	31	(54)	(23)	64	(54)	10	13	(75)	(62)
Underlying free surplus generation (3) = (4) + (5) + (6)	1,736	17	1,753	754	36	790	714	9	722
Impact of HK RBC early adoption (4)	1,183	–	1,183	–	–	–	–	–	–
Opening adjustment (5)	(4)	–	(4)	347	–	347	(17)	(43)	(59)
Underlying free surplus generation before impact of HK RBC early adoption and opening adjustment (6)	557	17	574	407	36	444	730	51	782
Free surplus used to fund new business (7)	(165)	–	(165)	(6)	–	(6)	(14)	–	(14)
Net underlying free surplus generation (8) = (3) + (7)	1,572	17	1,589	748	36	785	700	9	709
Investment return variances and other items (9)	(1,606)	(204)	(1,810)	133	(385)	(252)	96	(338)	(242)
Capital movements (10)	210	190	400	(174)	174	–	(548)	548	–
Financing (11)	–	(190)	(190)	–	(257)	(257)	–	(329)	(329)
Closing free surplus (12) = (1) + (2) + (8) + (9) + (10) + (11)	3,049	(2,742)	308	3,821	(3,228)	593	4,081	(3,413)	668

Figures may not be additive due to rounding.

Op. Entity: Operating entity. Corp. & others: Reflects corporate and other adjustments.

The underlying free surplus generation (item (3) in Table 5.12) includes variances relating to expenses, the impact of the early adoption of HK RBC (item (4)), opening adjustments relating to model changes and methodology updates, including the impact of the change in FWD Reinsurance's reserving basis with effect from 1 January 2023 (item (5)) and the impact of non-economic assumption change. The opening adjustments include revisions to the reserving methodology for Hong Kong, revisions to align the valuation of acquired new entities with FWD Group's EV methodology, and other adjustments. The impact of the early adoption of HK RBC, opening adjustments and the impact of non-economic assumption change have been classified as one-off variances. The negative variances from maintenance expenses mainly relate to operating expense and commission

variance, where actual operating expenses and commission payments exceed the long-term unit cost loadings²⁸. A summary of these items and the adjusted net underlying free surplus generation including adjustments for these one-off variances are presented in Table 5.13.

Table 5.13: Breakdown of adjusted underlying free surplus generation, adjusted free surplus used to fund new business and adjusted net underlying free surplus generation (in USD millions)

	Year ended 31 Dec 2022	Year ended 31 Dec 2023	Year ended 31 Dec 2024
Underlying free surplus generation (1)	1,753	790	722
Impact of HK RBC early adoption (2)	1,183	–	–
Opening adjustments (See note (1)) (3)	(4)	347	(59)
Non-economic assumption change (4)	(20)	(190)	12
Total one-off variances (5) = (2) + (3) + (4)	1,159	156	(47)
Maintenance expense variance (6)	(74)	(39)	(42)
Adjusted underlying free surplus generation (7) = (1) – (5) – (6)	668	673	811
Free surplus used to fund new business (8)	(165)	(6)	(14)
Acquisition and commission expense variance (9)	(121)	(119)	(42)
Adjusted free surplus used to fund new business (10) = (8) – (9)	(43)	114	28
Adjusted net underlying free surplus generation (11) = (7) + (10)	625	786	839

Figures may not be additive due to rounding.

Note (1): Refers to all opening adjustments including the impact of change in statutory reserving basis for FWD Reinsurance from an IFRS 4 basis to an IFRS 17 basis with effect from 1 January 2023, model changes made by FWD Hong Kong and the removal of intangible assets for non-operating entities with effect from 1 January 2024.

²⁸ Differs from the maintenance expense variance shown in Table 4.3 as it includes planned maintenance expense overruns arising from in-force business. These planned maintenance expense overruns do not contribute to operating expense and commission variance in the EV as these overruns will be offset by the release in provision set aside in the VIF (refer to Table 4.2).

5.5. SENSITIVITY ANALYSIS

Sensitivity tests have been performed on the EV and VNB over the track record period in respect of changes in key assumptions. For each of the following tests, only the specified parameter has been changed with all other assumptions remaining unchanged:

- 1.0 per cent increase in risk discount rate
- 1.0 per cent decrease in risk discount rate
- 0.5 per cent per annum increase in interest rates
- 0.5 per cent per annum decrease in interest rates
- 10 per cent increase in equity prices (i.e. 110% of equity prices (with projected bonus rates on participating business and the value of equity securities and equity funds changed consistently))
- 10 per cent decrease in equity prices (i.e. 90% of equity prices (with projected bonus rates on participating business and the value of equity securities and equity funds changed consistently))
- 1.0 per cent per annum reduction in the net investment return for private equity assets
- 10 per cent increase in rates of policy discontinuance, premium discontinuance and partial withdrawal (i.e. 110% of the rates under the base case)
- 10 per cent decrease in rates of policy discontinuance, premium discontinuance and partial withdrawal (i.e. 90% of the rates under the base case)
- 10 per cent increase in rates of mortality and morbidity and loss ratios (i.e. 110% of the rates and loss ratios under the base case)
- 10 per cent decrease in rates of mortality and morbidity and loss ratios (i.e. 90% of the rates and loss ratios under the base case)
- 10 per cent increase in acquisition and maintenance expenses (i.e. 110% of the acquisition and maintenance expenses under the base case) with no revisions made for Group Office expense adjustments
- 10 per cent decrease in acquisition and maintenance expenses (i.e. 90% of the acquisition and maintenance expenses under the base case) with no revisions made for Group Office expense adjustments
- 5 per cent appreciation in presentation currency
- 5 per cent depreciation in presentation currency

The sensitivity tests on increase/decrease in interest rates have been applied to the net investment returns (and corresponding adjustments to the market value of assets for debt securities and derivatives, statutory reserving bases, bonus/dividend scales for participating business, crediting rates for universal life business, unit fund growth rates for unit linked business and risk discount rate).

The sensitivity tests on increase/reduction in equity prices have been applied as at the respective Valuation Dates and are not applicable to VNB.

As FWD operates in multiple Asian markets, the Business Unit EV and VNB results for FWD Group have been converted from the respective local currency to FWD's US dollar presentation currency. To provide sensitivity of results to foreign currency movements, a change of +/- 5% to the USD exchange rate has been shown.

The sensitivity tests have only been performed on the operating entity EV, with no sensitivities carried out on the EV contributed by corporate and other adjustments. Table 5.14 sets out the results of the consolidated operating entity EV sensitivities as at 31 December 2024, together with the change in operating entity EV expressed as a percentage of base case EV for each sensitivity test over the track record period.

Table 5.14: Impact of sensitivities on consolidated operating entity EV²⁹ of FWD Group (in USD millions)

	As at 31 Dec 2024		% change from base case EV			
	EV	Absolute change from base case EV	% change from base case EV	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2024
Base case	9,463					
Increase risk discount rate by 1.0%	8,910	(554)	(5.9%)	(6.5%)	(5.8%)	(5.9%)
Reduce risk discount rate by 1.0%	10,159	695	7.3%	8.1%	7.3%	7.3%
Increase interest rates by 0.5% p.a. ⁽¹⁾	9,396	(67)	(0.7%)	(0.0%)	(1.2%)	(0.7%)
Reduce interest rates by 0.5% p.a. ⁽¹⁾	9,518	54	0.6%	(0.3%)	1.3%	0.6%
Increase equity prices by 10%	9,650	187	2.0%	2.2%	2.5%	2.0%
Reduce equity prices by 10%	9,281	(183)	(1.9%)	(2.3%)	(2.5%)	(1.9%)
Reduce net investment returns for private equity assets by 1% p.a.	9,348	(116)	(1.2%)	(1.5%)	(1.2%)	(1.2%)
Increase discontinuance and partial withdrawal rates by 10%	9,187	(276)	(2.9%)	(3.2%)	(3.3%)	(2.9%)
Reduce discontinuance and partial withdrawal rates by 10%	9,774	311	3.3%	3.7%	3.5%	3.3%
Increase mortality and morbidity rates and loss ratios by 10%	8,786	(678)	(7.2%)	(7.3%)	(7.2%)	(7.2%)

²⁹ For FWD IB (acquired by FWD on 3 April 2023), no sensitivity tests have been performed for all operating-related assumptions on EV as at 31 December 2023.

	As at 31 Dec 2024			% change from base case EV		
		Absolute change from base case EV	% change from base case EV	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2024
	EV					
Reduce mortality and morbidity rates and loss ratios by 10%	10,152	689	7.3%	7.5%	7.4%	7.3%
Increase acquisition and maintenance expenses by 10%	9,333	(130)	(1.4%)	(1.6%)	(1.4%)	(1.4%)
Reduce acquisition and maintenance expenses by 10%	9,594	131	1.4%	1.6%	1.4%	1.4%
Appreciation of presentation currency by 5%	9,176	(287)	(3.0%)	(3.0%)	(3.0%)	(3.0%)
Depreciation of presentation currency by 5%	9,750	287	3.0%	3.0%	3.0%	3.0%

Figures may not be additive due to rounding.

Note (1): For FWD Hong Kong, FWD Macau, FWD Japan, FWD Reinsurance and FWD Vietnam, for debt securities and derivatives with investment returns determined on a book yield basis, sensitivities have not been applied to the market values and investment returns for these securities.

Table 5.15 sets out the results of the consolidated VNB sensitivities for the year ended 31 December 2024, together with the change in VNB expressed as a percentage of base case VNB over the track record period. VNB does not include any allowance for acquisition expense overruns and commission overruns.

Table 5.15: Impact of sensitivities on FWD Group VNB³⁰ (in USD millions)

	Year ended 31 Dec 2024			% change from base case		
	Absolute		%			
	change	change		Year	Year	Year
	from	from		ended	ended	ended
	base	base		31 Dec	31 Dec	31 Dec
VNB	case	case		2022	2023	2024
Base case	834					
Increase risk discount rate by 1.0%	741	(93)	(11.1%)	(11.7%)	(10.7%)	(11.1%)
Reduce risk discount rate by 1.0%	952	118	14.2%	14.8%	14.0%	14.2%
Increase interest rates by 0.5% p.a.	887	53	6.4%	7.2%	6.0%	6.4%
Reduce interest rates by 0.5% p.a.	782	(52)	(6.3%)	(9.4%)	(6.4%)	(6.3%)

³⁰ For FWD IB (acquired by FWD on 3 April 2023), no sensitivity tests have been performed for all operating-related assumptions on VNB for the year ended 31 December 2023.

	Year ended 31 Dec 2024			% change from base case		
		Absolute	%			
		change	change	Year	Year	Year
		from	from	ended	ended	ended
		base	base	31 Dec	31 Dec	31 Dec
	VNB	case	case	2022	2023	2024
Reduce net investment returns for private equity assets by 1% p.a.	816	(18)	(2.1%)	(1.6%)	(2.3%)	(2.1%)
Increase discontinuance and partial withdrawal rates by 10%	774	(60)	(7.2%)	(6.3%)	(6.1%)	(7.2%)
Reduce discontinuance and partial withdrawal rates by 10%	900	67	8.0%	7.1%	6.9%	8.0%
Increase mortality and morbidity rates and loss ratios by 10%	749	(84)	(10.1%)	(14.7%)	(12.7%)	(10.1%)
Reduce mortality and morbidity rates and loss ratios by 10%	918	85	10.1%	14.9%	13.0%	10.1%
Increase acquisition and maintenance expenses by 10%	775	(59)	(7.1%)	(6.2%)	(6.0%)	(7.1%)
Reduce acquisition and maintenance expenses by 10%	893	59	7.1%	6.2%	6.0%	7.1%
Appreciation of presentation currency by 5%	807	(27)	(3.2%)	(3.7%)	(3.4%)	(3.2%)
Depreciation of presentation currency by 5%	861	27	3.2%	3.7%	3.4%	3.2%

Figures may not be additive due to rounding.

6 MILLIMAN REVIEW

This section describes a summary of our review in respect of the methodology, assumptions and EV Results.

6.1. REVIEW OF METHODOLOGY

The EV Results have been prepared by FWD using TEV methodology in accordance with the EV Policy. We have reviewed whether the results have been determined, in all material respects, in accordance with the EV Policy. In forming this view, we have checked the consolidated aggregate results spreadsheet prepared by FWD Group and conducted sample policy checks on products making up over 90% of VIF (measured by in-force statutory reserves) and VNB (measured by NB APE) for each Business Unit.

We note that the methodology set out in the EV Policy is comparable in all material respects to the TEV methodology commonly adopted by listed insurers incorporated in Asia. However, given FWD Group's particular structure and the nature of its business, there are certain aspects of the methodology that are specific to FWD, as described below:

- The majority of FWD's Business Units, particularly those that are classified as part of Emerging Markets, are still in their growth phase and have not yet achieved economies of scale. The EV Results have therefore been determined using long-term unit costs. This is a commonly used approach for growing companies that is predicated on the Business Units extinguishing their expense overruns and commission overruns in the short to medium term. The adjustments and disclosures around expense overruns are as follows:
 - The EV Results include an allowance for projected maintenance expense overruns in respect of in-force business via deductions within the VIF.
 - The VNB and the new business margins have been presented before acquisition expense overruns, commission overruns and maintenance expense overruns, with the historical operating expense and commission variance over the track record period shown separately in Table 4.3, rather than showing the VNB and the new business margins net of this variance. The total operating expense variance and commission variance excludes any non-operating expenses (i.e. one-off and non-recurrent costs), which are disclosed separately in Table 5.10.

6.2. REVIEW OF ASSUMPTIONS

The assumptions used to determine the EV Results have been developed by FWD based on operating experience of the Business Units (where statistically credible), reference to industry experience or pricing assumptions, anticipated future trends, asset strategies, the economic outlook and current regulatory frameworks.

We have reviewed the appropriateness of the operating assumptions adopted by each Business Unit, having regard to the underlying experience investigations performed by the Business Unit, expected future experience and materiality of the impact of assumptions on the overall results. For the less mature Business Units, due to operating experience typically not being statistically credible, pricing assumptions have in many cases been adopted for EV purposes.

We have reviewed the appropriateness of the economic assumptions, having regard to the current asset holdings, the investment policy of each Business Unit, industry benchmarks and economic conditions as at the Valuation Dates. We have also reviewed the study performed by FWD Group to validate the consistency of the allowance for risk in the discount rate with market consistent valuation approaches at a FWD Group level.

Overall, we note that the assumptions adopted by each Business Unit have been set to align with the EV Policy, which requires assumptions to be set with reference to the three-year to five-year rolling average experience as a starting point. However, we highlight that actual future experience may differ from that assumed in the projections. In particular, due to the lack of statistically credible experience, assumptions used may differ materially from the actual operating experience that emerges as the Business Units mature. The sensitivity of results to certain changes in assumptions is provided in Section 5.5.

Some specific key observations that could result in potentially material revisions to assumptions are as follows:

- Within the analysis of EV movement, the persistency variance has been negative during 2022 and 2023. For year-end 2023, significant revisions to lapse rate assumptions were made by the Company to better reflect recent historical experience, leading to a significant reduction in VIF (reported as part of Operating Assumption change within the analysis of EV movement), and subsequently the Company experienced a positive persistency variance in 2024. As the Company has strengthened its lapse assumptions, the Company does not anticipate significant negative persistency variance as observed in the past to continue unless there is a material deterioration in current observed persistency experience.
- The expense assumptions have been set on the basis that the Business Units are able to control spending and achieve economies of scale in the medium term with expense overruns eliminated as per internal business plans. The allowance for unallocated Group Office expenses, as reflected in the VIF, has also been projected to reduce as Business Units achieve scale and more expenses can be allocated to these Business Units. An increase in Business Unit expense levels, Group Office spending, increased lapses in the existing portfolio or reduced sales against business plan forecast could lead to an increase in unit cost loadings and an increase in the value of unallocated Group Office expenses, which could have a material impact on the overall EV and VNB presented in this Report.
- The investment returns for FWD Hong Kong have been set based on a significant proportion of the assets backing certain participating products in Hong Kong being invested in private equity. While the private equity investment return assumption of 9.75% p.a. (as at 31 December 2022 and 31 December 2023) and 10.00% p.a. (as at 31 December 2024) adopted is not out of line with market benchmarks and the private equity risk premium has been reduced from 7.00% p.a. in 2022 to 6.75% p.a. in 2023 and further to 6.50% p.a. in 2024 over the USD10-year long-term government bond yield, a sensitivity test has been performed to show the impact of a 1% p.a. reduction in this return given the relatively large proportion of investments in this specific asset class.

- There has been an overall trend of increases in medical costs post-COVID-19 across some of the markets in which FWD operates. Critical illness incidence rates and medical costs have also been on the rise in several of these markets, partly driven by improved screening and medical inflation. As shown in the sensitivity analysis, an increase in mortality and morbidity rates has a material impact on EV and VNB. It is, therefore, important for FWD to actively monitor and manage the claims experience of its health portfolio.

6.3. REVIEW OF RESULTS

The EV Results have been prepared by FWD using its in-house Valuation Models. We have reviewed certain elements of the Valuation Models. In particular, we have carried out sample policy checks on the projected cash flows produced by the Valuation Models for products representing over 90% of the in-force business (measured by in-force statutory reserves) and VNB (measured by NB APE). The sample policy checks were performed to independently validate that the Valuation Models appropriately capture the features of these products and that the Valuation Models have been set up in accordance with the agreed methodology and assumptions.

We have also performed the following checks on the aggregate results:

- Reconciliation of the opening liabilities projected from Valuation Models to accounting data.
- Reconciliation of the new business model point file against NB APE presented in new business sales summaries.
- Validating the ANW to accounting data for each Business Unit including a reconciliation performed against the opening IFRS equity as per audited financial statements.
- Reconciliation of final VIF/VNB results by discounting the VIF/VNB cash flows at the risk discount rates assumed for each Business Unit.
- Validation of out-of-model adjustments.
- Review of EV and VNB sensitivity results in respect of changes to assumptions for each Business Unit.
- Reconciliation of the ANW to accounting data as per audited financial statement in respect of the Other Entities of FWD Group.
- Review of the adjustments for unallocated Group Office expenses.

Any material errors revealed by our checks were corrected in the Valuation Models. Our model review process has been to highlight to the Business Units (excluding the newly acquired entities) where the present value of cash flows for sample model points exceeded our 1% tolerance level and to discuss with the Business Units whether a change to the Valuation Models was required.

6.4. OPINION

Based on our review of the methodology and assumptions used by FWD to calculate the EV Results, we conclude that:

- The methodology used to determine the EV Results is consistent in all material respects with the EV Policy.
- The methodology specified in the EV Policy is in all material respects comparable to the TEV methodology commonly adopted by listed insurers incorporated in Asia. There are, however, certain features within the methodology that are specific to FWD given the maturity of some of its Business Units, as highlighted in Section 6.1 of this Report.
- The operating assumptions used to calculate the EV Results have been developed using the operating experience of the Business Units, with allowance for expected future trends where applicable, or have been set with reference to industry experience or pricing assumptions where the experience of the Business Units is not statistically credible. The analysis of EV movement performed by the Business Units, however, shows negative persistency variances across 2022 and 2023 for FWD Group and a positive persistency variance in 2024. This reflects the strengthening of operating assumptions as of 31 December 2023 and updates to some operating assumptions in 2024.
- The EV Results have been determined using long-term expense assumptions set on the basis that Business Units will be able to eliminate expense overruns in the short to medium term in line with internal business plans. An increase in expenses or a reduction in sales compared to the assumptions used in the business plan forecasts could lead to an increase in expense assumptions and adversely affect the EV Results.
- The economic assumptions used to develop the EV Results have been determined having regard to the investment policy of each Business Unit, and current and expected future economic conditions, and are broadly consistent with economic

assumptions adopted by insurers in Asia that report on a TEV basis. Checks have also been performed at a FWD Group level to validate the consistency of the allowance for risk in the risk discount rate with market consistent valuation approaches.³¹

- The EV Results have been prepared in all material respects in accordance with the methodology and assumptions described in this Report. This has been validated through the sample model point checks performed for products making up over 90% of VIF (measured by in-force statutory reserves) and 90% of VNB (measured by NB APE) for each Business Unit.

This opinion is subject to the reliances and limitations set out below.

7 RELIANCES AND LIMITATIONS

7.1. RELIANCES

In carrying out our work and producing this Report we have relied on information supplied by FWD. Reliance was placed on, but not limited to, the accuracy of the information provided to us. This Report was based on information available to us at, or prior to, 19 May 2025, and takes no account of developments after that date.

Except as specifically stated in this Report, we have performed no audits or independent verification of the information furnished to us. To the extent that there are any material errors in the information provided, the results of our analysis will be affected as well, possibly materially. The principal materials provided by FWD and relied upon by us are listed in Appendix B to this Report. We supplemented FWD's data with insurance industry data where deemed necessary. The use of external data is another source of uncertainty.

FWD Group has confirmed to us that the data and information it has provided to us is accurate and complete.

7.2. LIMITATIONS

This Report is intended to provide certain actuarial information and analyses that would assist a professional, technically competent in the area of actuarial appraisals, to develop an estimate of the components of economic value of FWD Group. This Report must be read in its entirety to be fully understood. We assume that recipients of this Report will seek explanation and/or amplification of any part of this Report which is not clear.

³¹ When assessing the market consistent approaches, it is noted that the estimated results vary depending on the calibration of the risk-free yield curve and the approach adopted to determine the cost of non-hedgeable risk.

The actuarial valuation of FWD Group has been developed on a going concern basis and assumes a continuation of the current, economic, political and social environment in the markets in which FWD Group operates. It therefore inherently assumes that the environment will remain stable. The user of this Report should be aware that any political, economic or social instability in these markets would add a degree of uncertainty to the results presented. In particular, the EV Results have been based on long-term unit cost loadings determined in accordance with FWD's business plan forecasts. For some markets, there was a steep rise in interest rates over the track record period with interest rates at end of 2024 continue remaining at high levels. There is an anticipation amongst some observers that interest rates in these markets may reduce, although the interest rate environment itself is volatile and unpredictable. Any large movements in equity markets or interest rates could have a material impact on the EV Results.

In determining the EV Results of FWD Group, assumptions have been made about future experience, including economic and investment experience, mortality, morbidity, persistency, expenses and taxes. Actual experience may differ from that assumed in the projections used to calculate the EV Results. To the extent actual experience is different from the assumptions underlying this Report, actual results will also differ from the results shown. The sensitivity of results to certain changes in assumptions is provided in Section 5.5 of this Report.

The expense assumptions have been chosen on the basis that each Business Unit would continue to operate on a going concern basis. They do not take into account any future changes to product strategy, sales volumes or other matters that may have a consequential impact on product specific expense loadings. They also do not take into account any strategic FWD Group spending or any matters that could lead to an increase in such spending beyond what has been planned and set aside in the VIF. The assumptions, including the allowance for Group Office expenses, have also been set with reference to Board approved business plans prepared by the Company. We have relied on the business plans provided to us and have not reviewed the assumptions underlying them.

We have not attempted to assess the suitability or quality of the assets held by FWD Group or its reinsurance strategy. We have also not assessed, or made allowance for, any claims against FWD Group other than those made by policyholders under the normal terms of life insurance business. In particular, no account has been taken of liabilities in respect of pension entitlements, stock option plans, service contracts, leases and breaches of regulations.

No investigation has been made into the accuracy of the unit pricing and unit allocation procedures adopted by each Business Unit.

The results have been prepared by FWD using the Company's Valuation Models. Although we have performed extensive checks on the Valuation Models and underlying results as described in Section 6.3 of this Report, our checks were not exhaustive, and hence may not have uncovered all potential issues.

The EV Results set out in this Report do not include any allowance for withholding or other taxes that may apply to the payment of shareholder dividends on remittances out of the Business Units. Separately, we note that a consolidated tax adjustment has been made to reflect the impact of the global minimum tax rate of 15% prescribed by the Organization for Economic Co-operation and Development. We are not tax advisors and have relied on FWD Group's internal assessment that the approach taken with respect to both the global minimum tax adjustment and withholding tax is appropriate for EV reporting purposes.

Reserves, cost of capital and tax have been calculated using the prevailing regulatory and tax frameworks applicable at the respective Valuation Dates, and do not take into account any future changes in these frameworks. With the introduction of the group-wide supervision framework by the Hong Kong Insurance Authority effective from 29 March 2021, FWD Group also performs internal analyses at least annually (the last study was as at 31 December 2024) to validate that the framework will not result in an increase in capital requirements beyond what has been assumed in the EV Results set out in this Report. We have not reviewed these internal analyses. We have also relied on the opinion of the operating entities' Appointed Actuaries and auditors that the reserves and capital requirements held as at the respective Valuation Dates comply with the prevailing regulations. Effective from 31 March 2026, capital regulations in Japan are changing to an economic value basis. The new framework is under development based on the International Capital Standard. It is important to note that this regulatory change is not incorporated in the EV Results presented in this Report.

The EV Results allow for adjustments to dividends, profit sharing and crediting rate assumptions taking into account the investment return assumptions and profit sharing rules defined in regulations and/or internal company governance. We have relied on the Business Units' application of these rules within the Valuation Models and note that the impact on the results if the rules incorporated in the Valuation Models are not followed in actual practice can be material.

The EV Results presented in this Report assume the ability to continue to optimise capital through existing external and internal reinsurance arrangements. Any revisions to these arrangements, due to regulatory change or other factors, may have a material impact on the EV Results.

Yours faithfully,

for Milliman Limited

Wen Yee Lee FIAA
Principal & Consulting Actuary

Clement Bonnet IA, FASHK
Principal & Consulting Actuary

Appendix A: Abbreviations

AER:	Actual Exchange Rate
ANW:	Adjusted Net Worth
BRI Life:	PT Asuransi BRI Life
CAGR:	Compound annual growth rate
CER:	Constant Exchange Rate
CIT:	Corporate Income Tax
COLI:	Corporate Owned Life Insurance
EV:	Embedded Value
EV equity:	Equity attributable to shareholders and reflects the Group EV, adjusted to include goodwill and other intangible assets attributable to shareholders
EV Policy:	FWD Group EV Policy
FWD Bermuda Singapore:	FWD Life Insurance Company (Bermuda) Limited, Singapore Branch
FWD BSN Holdco:	FWD BSN Holdings Sdn. Bhd. (Malaysia)
FWD Cambodia:	FWD Life Insurance (Cambodia) Plc.
FWD Group or FWD or Company:	FWD Group Holdings Limited 富衛集團有限公司 (formerly known as PCGI Intermediate Holdings Limited), the immediate holding company of FWD Limited and FWD Group Limited
FWD Hong Kong:	Includes FWD Life (Bermuda) (except FWD Bermuda Singapore, FWD Malaysia and FWD Vietnam), FWD Life Assurance (Hong Kong) and FWD Life (Hong Kong)
FWD IB:	Includes FWD Insurance Berhad (Malaysia), and, for the purposes of this Report only, FWD BSN Holdco and FMH Capricorn Holdings Sdn. Bh
FWD Indonesia:	PT FWD Insurance Indonesia

FWD Japan:	FWD Life Insurance Company, Limited
FWD Life Assurance (Hong Kong):	FWD Life Assurance Company (Hong Kong) Limited
FWD Life (Bermuda):	FWD Life Insurance Company (Bermuda) Limited
FWD Life (Hong Kong):	FWD Life (Hong Kong) Limited
FWD Macau:	FWD Life Insurance Company (Macau) Limited
FWD Malaysia:	FWD Takaful Berhad
FWD Philippines:	FWD Life Insurance Corporation
FWD Reinsurance:	FWD Reinsurance SPC, Ltd.
FWD Singapore:	FWD Singapore Pte. Ltd.
FWD Thailand:	FWD Life Insurance Public Company Limited
FWD VCLI:	FWD Assurance VietNam Company Limited
FWD Vietnam:	FWD Vietnam Life Insurance Company Limited
FX rate:	Foreign Exchange Rate
HKD:	HK Dollar
HK RBC:	Hong Kong Risk-based Capital
IDR:	Indonesian Rupiah
IFRS:	International Financial Reporting Standards
IFRS accounts:	Audited consolidated financial statements of FWD Group Holdings Limited 富衛集團有限公司 (formerly known as PCGI Intermediate Holdings Limited) for the years ended 31 December 2022, 2023 and 2024
IPO:	Initial Public Offering
JPY:	Japanese Yen
MCIT:	Minimum Corporate Income Tax

MOP:	Macanese Pataca
MYR:	Malaysia Ringgit
NA:	Not Applicable/Not Available
n/m:	Not Meaningful
NB APE:	New Business Annual Premium Equivalent
PHP:	Philippine Peso
pps:	Percentage Points
PVNBp:	Present Value of New Business Premium
SCB:	The Siam Commercial Bank Public Company Limited
SCB Life:	SCB Life Assurance Public Company Limited
SGD:	Singapore Dollar
SME Term:	Small and Medium Enterprise Term Life
TEV:	Traditional Embedded Value
THB:	Thai Baht
Track record period:	The period from 1 January 2022 to 31 December 2024
USD:	US Dollar
Valuation Dates:	31 December 2022, 31 December 2023 and 31 December 2024
VIF:	Value of in-force business after cost of capital
VNB:	Value of new business after cost of capital
VND:	Vietnamese Dong
YoY:	Year-on-year

Appendix B: Key information received

- Audited consolidated IFRS accounts of FWD Limited and FWD Group Limited as at the respective Valuation Dates;
- Audited consolidated IFRS accounts of FWD Group as at the respective Valuation Dates;
- Statutory financial statements and solvency reports by Business Unit as at the respective Valuation Dates;
- Breakdown of statutory reserves by Business Unit as at the respective Valuation Dates;
- New business summary by product for new business sold by Business Unit in the reporting period;
- Group Office expense adjustments as at the respective Valuation Dates;
- EV Policy;
- EV Results breakdown by Business Unit as at the respective Valuation Dates including sensitivity results and analysis of EV movement;
- Summary of quarterly VNB results, NB APE and PVNBP for new business written in the reporting period;
- Group consolidated results, including any off-model adjustments;
- Projections of new business volumes and future expense levels by Business Unit;
- FWD's in-house actuarial models by Business Unit as used to prepare the EV Results;
- Individual in-force policy database by Business Unit as at the respective Valuation Dates;
- Individual new business policy database by Business Unit for new business sold in the reporting period;
- Product descriptions for key in-force and new business products reviewed;
- Experience studies performed by Business Unit covering mortality, morbidity, persistency and expenses; and
- Other information and clarifications obtained through various email and telecommunication during the period of our assignment.

Appendix C: Exchange rates

Table C.1: Exchange rates to 1 USD

	FX rate used for EV		
	31 Dec 2022	31 Dec 2023	31 Dec 2024
Hong Kong Dollar (HKD)	7.80	7.81	7.76
Macanese Pataca (MOP)	8.04	8.05	7.99
Japanese Yen (JPY)	132.14	141.38	156.18
Thai Baht (THB)	34.53	34.24	34.26
Indonesian Rupiah (IDR)	15,573.00	15,415.00	16,118.00
Malaysia Ringgit (MYR)	4.41	4.59	4.47
Philippine Peso (PHP)	55.73	55.39	57.98
Singapore Dollar (SGD)	1.34	1.32	1.36
Vietnamese Dong (VND)	23,574.00	24,249.00	25,489.00

	FX rate used for movement items in EV AOM and CER calculation		
	Average year-to-date FX rate		
	2022	2023	2024
Hong Kong Dollar (HKD)	7.83	7.83	7.80
Macanese Pataca (MOP)	8.06	8.06	8.04
Japanese Yen (JPY)	131.31	140.45	151.45
Thai Baht (THB)	35.04	34.80	35.28
Indonesian Rupiah (IDR)	14,843.75	15,235.99	15,848.28
Malaysia Ringgit (MYR)	4.40	4.56	4.58
Philippine Peso (PHP)	54.48	55.61	57.27
Singapore Dollar (SGD)	1.38	1.34	1.34
Vietnamese Dong (VND)	23,401.28	23,833.42	25,050.18

FX rate used for VNB and movement items in EV AOM

	Quarterly average FX rate				Quarterly average FX rate			
	First	Second	Third	Fourth	First	Second	Third	Fourth
	quarter	quarter	quarter	quarter	quarter	quarter	quarter	quarter
	2022	2022	2022	2022	2023	2023	2023	2023
Hong Kong Dollar (HKD)	7.81	7.85	7.85	7.82	7.84	7.84	7.82	7.81
Macanese Pataca (MOP)	8.04	8.08	8.08	8.06	8.07	8.07	8.06	8.05
Japanese Yen (JPY)	116.20	129.50	138.16	141.36	132.31	137.14	144.50	147.83
Thai Baht (THB)	33.04	34.37	36.38	36.35	33.94	34.44	35.18	35.65
Indonesian Rupiah (IDR)	14,343.73	14,547.89	14,925.49	15,557.89	15,225.34	14,879.14	15,220.57	15,618.91
Malaysia Ringgit (MYR)	4.19	4.35	4.48	4.57	4.39	4.52	4.63	4.70
Philippine Peso (PHP)	51.54	52.70	56.41	57.27	54.82	55.60	55.99	56.04
Singapore Dollar (SGD)	1.35	1.38	1.40	1.39	1.33	1.34	1.35	1.35
Vietnamese Dong (VND)	22,768.54	23,071.92	23,462.86	24,301.82	23,577.27	23,481.61	23,913.16	24,361.62

FX rate used for VNB and movement items
in EV AOM

	Quarterly average FX rate			
	First	Second	Third	Fourth
	quarter	quarter	quarter	quarter
	2024	2024	2024	2024
Hong Kong Dollar (HKD)	7.82	7.82	7.80	7.77
Macanese Pataca (MOP)	8.05	8.05	8.03	8.01
Japanese Yen (JPY)	148.42	155.84	149.19	152.33
Thai Baht (THB)	35.66	36.70	34.79	33.98
Indonesian Rupiah (IDR)	15,659.88	16,152.42	15,770.26	15,810.55
Malaysia Ringgit (MYR)	4.72	4.73	4.45	4.40
Philippine Peso (PHP)	55.96	57.82	57.16	58.14
Singapore Dollar (SGD)	1.34	1.35	1.32	1.33
Vietnamese Dong (VND)	24,551.51	25,352.20	25,018.07	25,278.95

Appendix D: Breakdown of EV results by region

Table D.1: EV results by region (in USD millions)

	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2024
Hong Kong	3,756	3,704	3,641
Japan	2,202	2,312	2,233
Thailand	2,303	2,247	2,356
Emerging Markets	1,105	1,204	1,234
Operating entity EV	9,366	9,467	9,463
Plus: Corporate & Other net assets	1,091	933	357
Less: Unallocated Group Office expenses	(558)	(558)	(482)
Less: Financing	(3,833)	(4,161)	(3,770)
Group EV	6,066	5,682	5,569

Figures may not be additive due to rounding.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

This Appendix contains a summary of the Memorandum and Articles of Association of our Company. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of the company laws of the Cayman Islands.

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on 18 March 2013. Our Company's constitutional documents consist of its Memorandum and Articles of Association.

1. Memorandum of Association

- 1.1 The Memorandum provides, inter *alia*, that the liability of members of our Company is limited and that the objects for which our Company is established are unrestricted (and therefore include acting as an investment company), and that our Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since our Company is an exempted company, that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.
- 1.2 By special resolution our Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. Articles of Association

The Articles were conditionally adopted on 23 June 2025. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of shares

The share capital of our Company consists of Shares.

(b) Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Act, if at any time the share capital of our Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied or abrogated either with the consent in writing of not less than three quarters of the voting rights of the holders of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate meeting, but so that the necessary quorum shall be not less than persons together holding (or, in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy holding not less than one-third of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(c) Alteration of capital

Our Company may, by an ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares of such amount as it thinks expedient;
- (ii) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares;
- (iii) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions;
- (iv) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum of Association;
- (v) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;

- (vi) make provision for the allotment and issue of shares which do not carry any voting rights;
- (vii) change the currency of denomination of its share capital; and
- (viii) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(d) *Transfer of shares*

Subject to the Cayman Companies Act and the requirements of the Stock Exchange, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House (as defined in the Articles) or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of our Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which our Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to our Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed on terms equivalent to section 632 of the Companies Ordinance as at the date of adoption of the Articles (or its equivalent provision from time to time) at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) *Power of our Company to purchase its own shares*

Our Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the SFC.

Where our Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(f) *Power of any subsidiary of our Company to own shares in our Company*

There are no provisions in the Articles relating to the ownership of shares in our Company by a subsidiary.

(g) *Calls on shares and forfeiture of shares*

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced our Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to our Company all monies which, at the date of forfeiture, were payable by him to our Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(h) *Treasury shares*

Shares that our Company purchases, redeems or acquires may, at the option of our Company, be cancelled or held as treasury shares in accordance with the Cayman Companies Act. Treasury shares may be disposed of by our Company on such terms and conditions as determined by the Directors.

No dividend may be declared or paid, and no other distribution of our Company's assets may be declared or paid in respect of a treasury share.

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Our Company shall be entered in the register of members as the holder of treasury shares, provided that:

- (i) our Company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares; and
- (ii) a treasury share shall not be voted, directly or indirectly, at any meeting of our Company and shall not be counted in determining the total number of issued shares at any given time, save that an allotment of shares as fully paid bonus shares in respect of a treasury share is permitted and shares allotted as fully paid bonus shares in respect of a treasury share shall be treated as treasury shares.

2.2 Directors

(a) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first annual general meeting of our Company after his appointment and be subject to re-election at such general meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of our Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of our Company. The period for lodgement

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of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in our Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of our Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and our Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (i) resigns;
- (ii) dies;
- (iii) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (iv) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) he is prohibited from being or ceases to be a director by operation of law;
- (vi) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (vii) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (viii) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting

of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(b) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Act, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of our Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of our Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and our Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Act, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither our Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to dispose of the assets of our Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Cayman Companies Act to be exercised or done by our Company in general meeting, but if such power or act is regulated by our Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(d) Borrowing powers

The Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of our Company and, subject to the Cayman Companies Act, to issue debentures, debenture stock, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

(e) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or our Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in our Company may be entitled by reason of such employment or office.

Any Director who, at the request of our Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

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The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of our Company or companies with which our Company is associated in business, or may make contributions out of our Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and former employees of our Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(f) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by our Company in general meeting.

(g) Loans and provision of security for loans to Directors

Except as would, if our Company were a company incorporated in Hong Kong, be permitted by the Companies Ordinance and the Cayman Companies Act, our Company shall not directly or indirectly make a loan to a Director or a director of any holding company of our Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of our Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(h) Disclosure of interest in contracts with our Company or any of its subsidiaries

With the exception of the office of auditor of our Company, a Director may hold any other office or place of profit with our Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be

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paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with our Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to our Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of our Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

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- (iii) any proposal concerning an offer of shares, debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer; and
- (iv) any proposal or arrangement concerning the benefit of employees of our Company or any of its subsidiaries, including the adoption, modification or operation of either:
 - (A) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or
 - (B) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of our Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of our Company by virtue only of his/their interest in those shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the constitutional documents and our Company's name

To the extent that the same is permissible under the Cayman Companies Act and subject to the Articles, the Memorandum and Articles of our Company may only be altered or amended, and the name of our Company may only be changed, with the sanction of a special resolution of our Company.

2.5 Meetings of Members

(a) *Special and ordinary resolutions*

A special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under the Cayman Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies within 15 days of being passed.

An “ordinary resolution,” by contrast, is a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of our Company duly convened and held, and where relevant as a special resolution so passed.

(b) *Voting rights and right to demand a poll*

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting:

- (i) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of our Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and
- (ii) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands.

On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

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At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the general meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (i) at least two members;
- (ii) any member or members representing not less than one-tenth of the total voting rights, on a one vote per Share basis, of all the members having the right to vote at the general meeting; or
- (iii) a member or members holding shares in our Company conferring a right to vote at the general meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of our Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to speak and vote.

Shareholders must have the right to: (a) speak at general meetings of our Company; and (b) vote at a general meeting except where a Shareholder is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.

Where our Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) *Annual general meetings*

Our Company must hold an annual general meeting each year other than the year of our Company's adoption of the Articles. Our Company shall hold the annual general meeting within six months after the end of its financial year. The annual general meeting shall be held in the Relevant Territory (as defined in the Articles) or elsewhere as may be determined by the Board and at such time and place as the Board shall appoint.

(d) Notices of meetings and business to be conducted

An annual general meeting of our Company shall be called by at least 21 days' notice in writing, and any other general meeting of our Company shall be called by at least 14 days' notice in writing, subject in either case to the relevant notice period specified in the Listing Rules. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify (i) whether the general meeting will be a physical meeting, an electronic meeting or a hybrid meeting, (ii) the time, date and agenda of the general meeting, (iii) save for an electronic meeting, the place of the general meeting and, if there is more than one meeting location for the general meeting, the principal place of the general meeting, (iv) if the general meeting is to be a hybrid meeting or an electronic meeting, a statement to that effect with details of the electronic facilities or platforms for attendance and participation by electronic means at the general meeting or where such details will be made available by the Company prior to the general meeting, (v) the particulars of the resolution(s) to be considered at that general meeting, and (vi) in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by our Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify our Company in writing of (i) an address in Hong Kong which shall be deemed to be his registered address or (ii) an electronic address for the purpose of service of notice. Subject to applicable laws (including the Cayman Companies Act and the Listing Rules), a notice or document may also be served or delivered by our Company to any member by electronic means or by publishing it on our Company's and the Stock Exchange's websites without the need for any additional consent of the member.

Although a general meeting of our Company may be called by shorter notice than as specified above, such general meeting may be deemed to have been duly called if it can be demonstrated to the Stock Exchange that reasonable written notice can be given in less time, and it is so agreed:

- (i) in the case of an annual general meeting, by all members of our Company entitled to attend and vote thereat; and
- (ii) in the case of any other general meeting, by a majority in number of the members having a right to attend and vote at the general meeting holding not less than 95% of the total voting rights in our Company.

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All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

Extraordinary general meetings shall also be convened on the requisition of one or more members holding at the date of deposit of the requisition, not less than one-tenth of the voting rights, on a one vote per Share basis in the share capital of our Company. The requisitionist(s) may add resolutions to the agenda of a general meeting so requisitioned.

(e) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the general meeting proceeds to business, and continues to be present until the conclusion of the general meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting convened to sanction the modification of class rights the necessary quorum shall be persons holding or representing by proxy not less than one-third of the issued shares of that class.

(f) *Proxies*

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at a meeting at which any business is to be transacted shall be

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such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

2.6 Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by our Company, and of the assets and liabilities of our Company and of all other matters required by the Cayman Companies Act (which include all sales and purchases of goods by our Company) necessary to give a true and fair view of the state of our Company's affairs and to show and explain its transactions. The financial year of our Company shall end on 31 December of each year or such date as the Directors may determine.

The books of accounts of our Company shall be kept at the head office of our Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of our Company except as conferred by the Cayman Companies Act or ordered by a court of competent jurisdiction or authorised by the Board or our Company in general meeting.

The Board shall from time to time cause to be prepared and laid before our Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the general meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), our Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

Our Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The appointment, removal and remuneration of the auditors must be approved by a majority of our Company's Shareholders in a general meeting or by another body that is independent of the Board.

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The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by special resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that general meeting appoint new auditors in its place for the remainder of the term. A body that is independent of the Board may also remove the Auditors by a three-quarters majority vote before the expiration of the term of office and shall by a simple majority vote appoint new auditors in its place for the remainder of the term.

The auditors shall audit the financial statements of our Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other methods of distribution

The Board or our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (b) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (c) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to our Company on account of calls, instalments or otherwise.

Where the Board or our Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (ii) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

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Upon the recommendation of the Board, our Company may by ordinary resolution in respect of any one particular dividend of our Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

Our Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

2.8 Inspection of corporate records

For so long as any part of the share capital of our Company is listed on the Stock Exchange, any member may inspect any register of members of our Company maintained in Hong Kong (except when the register of members is closed on terms equivalent to section 632 of the Companies Ordinance) without charge and require the provision to him of copies or extracts of such register in all respects as if our Company were incorporated under and were subject to the Companies Ordinance.

2.9 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of our Company under Cayman Islands law, as summarised in paragraph 3.6 of this Appendix.

2.10 Procedures on liquidation

A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (a) if our Company is wound up and the assets available for distribution among the members of our Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and
- (b) if our Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If our Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Act, divide among the members in specie or kind the whole or any part of the assets of our Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like

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sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

2.11 Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Act, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. SALIENT PROVISIONS OF THE LAWS OF THE CAYMAN ISLANDS

The following is a summary of the salient provisions of the laws of the Cayman Islands as at the date of this prospectus which are applicable to a Cayman Islands incorporated company. The summary below is for general guidance only and does not constitute legal advice nor should it be used as a substitute for specific legal advice on the corporate laws of the Cayman Islands. The summary does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the corporate laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company operations

An exempted company such as our Company must conduct its operations mainly outside the Cayman Islands. The Company is, however, entitled to effect and conclude contracts in the Cayman Islands and exercise in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies and pay a fee which is based on the amount of its authorised share capital.

3.2 Share capital

Under the Cayman Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account.” At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

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The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) any manner provided in Section 37 of the Cayman Companies Act;
- (d) writing-off the preliminary expenses of the company; and
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms

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of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Act, and the provisions, if any, of the company's memorandum and articles of association, company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal,

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fraudulent (and performed by those in control of the company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands' courts will ordinarily follow).

3.8 Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to:

- (a) all sums of money received and expended by it;
- (b) all sales and purchases of goods by it; and
- (c) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (as amended) of

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the Cayman Islands (the “**TIA Act**”), make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange Control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

Pursuant to Section 6 of the Tax Concessions Act of the Cayman Islands, the Company has obtained an undertaking:

- that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in the Tax Concessions Act.

The undertaking is for a period of 20 years from 7 May 2021.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the TIA Act.

3.15 Register of Directors and officers

Pursuant to the Cayman Companies Act, our Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by:

- (a) an order of the court;
- (b) voluntarily by its members; or
- (c) under the supervision of the court.

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The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that:

- (a) the company is or is likely to become insolvent; or
- (b) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors.

A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by

all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e., the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

3.18 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands' courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.19 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

3.20 Scheme of arrangement

Following amendments to the Cayman Companies Act that became effective on 31 August 2022, the majority-in-number “headcount test” in relation to the approval of members’ schemes of arrangement has been abolished. Section 86(2A) of the Cayman Companies Act provides that, if 75% in value of the members (or class of members) of a Cayman Islands company agree to any compromise or arrangement, such compromise or arrangement shall, if sanctioned by the Court, be binding on all members (or class of members) of such company and on the company itself. Where a Cayman Islands company is in the course of being wound up, such compromise or arrangement would be binding on the liquidator and contributories of the company. In contrast, section 86(2) of the Cayman Companies Act continues to require (a) approval by a majority in number representing 75% in value and (b) the sanction of the court, in relation to any compromise or arrangement between a company and its creditors (or any class of them).

4. GENERAL

Walkers (Hong Kong), our Company’s legal counsel on Cayman law, have sent to our Company a letter of advice summarising certain aspects of Cayman company law. This letter, together with a copy of the Cayman Companies Act, are available on display as referred to in “*Appendix VI – Documents Delivered to the Registrar of Companies in Hong Kong and Documents on Display*”. Any person wishing to have a detailed summary of Cayman company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on 18 March 2013 under the name “Power Shine Limited” and on 12 November 2015 was renamed “PCGI Intermediate Holdings Limited”. On 20 August 2021, our Company was renamed “FWD Group Holdings Limited”. On 10 January 2022, our Company adopted the dual foreign name of “富衛集團有限公司”.

Our Company has established a place of business in Hong Kong at 13/F, 14 Taikoo Wan Road, Taikoo Shing, Hong Kong. Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 16 November 2020, with Yeung John Sze of 13/F, 14 Taikoo Wan Road, Taikoo Shing, Hong Kong and Huynh Thanh Phong of 19 Cove Grove, Singapore 098214 appointed as the Hong Kong authorised representatives of our Company for acceptance of the service of process and any notices required to be served on our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to Cayman Islands law and to its Memorandum and Articles of Association. A summary of the relevant sections of the Memorandum and Articles of Association of our Company and the relevant aspects of the Cayman Companies Act is set out in “Appendix IV – Summary of the Constitution of our Company and Cayman Islands Company Law.”

2. Changes in the Share Capital of our Company

As at the date of incorporation of our Company, the authorised share capital of our Company was US\$50,000.00 divided into 50,000 shares with a par value of US\$1.00 each.

The following alterations in the issued and paid up share capital of our Company have taken place during the two years immediately preceding the date of this prospectus:

- (a) On 31 July 2023, our Company reclassified and redesignated the authorised share capital of our Company from US\$25,000,000.00 divided into 2,500,000,000 Shares of a nominal or par value of US\$0.01 each to US\$25,000,000.00 divided into:
 - (i) 2,118,816,290 Shares with a nominal or par value of US\$0.01 each;
 - (ii) 65,000,000 Management Shares with a nominal or par value of US\$0.01 each;
 - (iii) 120,099,900 Series P Conversion Shares with a nominal or par value of US\$0.01 each;

- (iv) 69,578,760 Series A Conversion Shares with a nominal or par value of US\$0.01 each;
- (v) 7,588,050 Series B-2 Conversion Shares with a nominal or par value of US\$0.01 each; and
- (vi) 118,917,000 Series B-3 Conversion Shares with a nominal or par value of US\$0.01 each.

Save as disclosed above and in “– *Resolutions of the shareholders of our Company passed on 23 June 2025*” below, there has been no alteration in the share capital of our Company since the date of its incorporation.

3. Resolutions of the shareholders of our Company passed on 23 June 2025

On 23 June 2025, resolutions of our Company were passed by the shareholders pursuant to which, among other things:

- (a) our Company approved and adopted the Memorandum and Articles of Association conditional upon Listing; and
- (b) conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in “*Structure of the Global Offering – Conditions of the Global Offering*” and pursuant to the terms set out therein:
 - (1) the Global Offering (including the Over-allotment Option) was approved and the Directors were authorised to determine the Offer Price for and to allot and issue the Offer Shares pursuant to the Global Offering;
 - (2) the Listing was approved and the Directors were authorised to implement the Listing;
 - (3) the Directors were authorised to allot and issue the Offer Shares pursuant to (a) the Global Offering and (b) the Pre-IPO Awards Shares Issuance;
 - (4) subject to the “lock-up” provisions under Rule 10.08 of the Listing Rules, a general unconditional mandate was granted to the Directors to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to a (i) rights issue, (ii) any scrip dividend scheme of similar arrangement providing for the allotment of the Shares in lieu of the whole or

part of a dividend on the Shares; (iii) a specific authority granted by the Shareholders in general meeting; (iv) the Share Award Plan or (v) the Employee Share Purchase Plan, shall not exceed the aggregate of:

- (A) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering; and
- (B) the nominal amount of our share capital repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (5) below,

such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of our Company, (II) the end of the period within which our Company is required by the Memorandum and Articles of Association or any applicable laws to hold its next annual general meeting and (III) the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the “**Relevant Period**”);

- (5) a general unconditional mandate was granted to the Directors to exercise all the powers of our Company to repurchase the Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules, not exceeding in aggregate 10% of the aggregate nominal value of our share capital in issue immediately following the completion of the Global Offering, such mandate to remain in effect during the Relevant Period; and
- (6)
 - (i) conditional upon and effective immediately prior to the completion of the Listing, the re-designation and re-classification of Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares in accordance with Phase 3 of the Reorganisation was approved;
 - (ii) conditional upon and effective immediately prior to the completion of the Listing, the amendment and increase of the authorised share capital of our Company from US\$25,000,000 to US\$51,000,000 was approved; and
 - (iii) conditional upon and effective immediately following the increase and amendment described in (ii) and prior to the Listing, the consolidation of our Company's issued and unissued Shares of a nominal or par value of US\$0.01 at a ratio of 1-for-3 was approved, such that the authorised share capital of the Company will be consolidated from US\$51,000,000

divided into 5,100,000,000 Shares of a nominal or par value of US\$0.01 each, to US\$51,000,000 divided into 1,700,000,000 Shares of a nominal or par value of US\$0.03 each.

4. Subsidiaries

Details of the material subsidiaries of our Company are set out in the Accountants' Report set forth in Appendix I.

The following subsidiaries have been incorporated within two years immediately preceding the date of this prospectus:

Name of Subsidiary	Place of Incorporation	Date of Incorporation
FWD Vietnam Technology Company Limited	Vietnam	15 April 2024
FWD Malaysia Holdings Sdn. Bhd.	Malaysia	21 March 2025

Details of the changes in the share capital of our Company's Principal Subsidiaries during the two years immediately preceding the date of this prospectus are set out below:

On 31 July 2023, FL repurchased 141,705 ordinary shares of US\$0.01 each from Jon Paul Nielsen.

On 31 July 2023, FGL repurchased 141,705 ordinary shares of US\$0.01 each from Jon Paul Nielsen.

On 30 June 2023, FWD Life (Bermuda) allotted and issued 45,459,419 ordinary shares of US\$1.00 each to FWD Management Holdings for a consideration of US\$45,459,419.

On 8 March 2024, FWD Life (Bermuda) allotted and issued 26,290,600 ordinary shares of US\$1.00 each to FWD Management Holdings for a consideration of US\$26,290,600.

On 9 June 2025, FWD Life (Hong Kong) reduced its issued share capital by HK\$580,675,440. The aforesaid amount of HK\$580,675,440 was returned as the paid-up capital in cash to FWD Management Holdings.

On 11 July 2023, FWD Management Holdings allotted and issued 20,000 ordinary shares of NPV to FWD Financial Services for a total consideration of US\$2,000,000.

On 15 September 2023, FWD Management Holdings allotted and issued 30,000 ordinary shares of NPV to FWD Financial Services for a total consideration of US\$3,000,000.

On 29 September 2023, FWD Management Holdings allotted and issued 25,000 ordinary shares of NPV to FWD Financial Services for a total consideration of US\$2,500,000.

On 26 October 2023, FWD Management Holdings allotted and issued 10,000 ordinary shares of NPV to FWD Financial Services for a total consideration of US\$1,000,000.

On 8 March 2024, FWD Management Holdings allotted and issued 263,000 ordinary shares of NPV to FWD Financial Services for a total consideration of US\$26,300,000.

On 26 December 2024, FWD Management Holdings allotted and issued 741,900 ordinary shares of NPV to FWD Financial Services for a total consideration of US\$74,190,000.

On 29 November 2023, FWD Life Malaysia allotted and issued 120,000,000 ordinary shares of RM1.00 each to FWD BSN Holdings Sdn. Bhd. for a consideration of RM120,000,000.

On 25 July 2024, FWD Life Malaysia allotted and issued 34,000,000 ordinary shares of RM1.00 each to FWD BSN Holdings Sdn. Bhd. for a consideration of RM34,000,000.

On 30 September 2024, FWD Life Malaysia allotted and issued 124,000,000 ordinary shares of RM1.00 each to FWD BSN Holdings Sdn. Bhd. for a consideration of RM124,000,000.

On 17 June 2025, FWD Life Malaysia allotted and issued 56,000,000 ordinary shares of RM1.00 each to FWD BSN Holdings Sdn. Bhd. for a consideration of RM56,000,000.

On 30 June 2023, FWD Takaful allotted and issued 2,120 preference shares of NPV to FWD Life (Bermuda) for a consideration of RM212,000,000.00.

On 1 June 2025, FWD Group Financial Services transferred 1 ordinary share of PHP1.00 in FWD Philippines to Lau Soon Liang.

On 26 February 2024, FWD Singapore allotted and issued 15,000,000 ordinary shares of NPV to FWD Group Financial Services for a consideration of SG\$15,000,000.

On 24 July 2023, FWD Vietnam increased its registered share capital from VND18,546,000,000,000 to VND19,102,000,000,000.

On 28 December 2023, Valdimir allotted and issued 524,400 ordinary shares of NPV to FGL for a total consideration of US\$52,440,000.

On 20 December 2024, Valdimir allotted and issued 370,000 ordinary shares of NPV to FGL for a total consideration of US\$37,000,000.

Save as set out above and in the Accountants' Report set forth in Appendix I, there has been no alteration in the share capital of the subsidiaries of our Company within two years immediately preceding the date of this prospectus.

So far as is known to any Director or chief executive of our Company as at the Latest Practicable Date, immediately following the completion of the Global Offering, the following persons (other than any Director or chief executive) are directly or indirectly interested in 10% or more of the issued voting shares of the following subsidiaries of the Company:

Name of Subsidiary	Name of Shareholder	Number of shares held or interested in	Approximate Percentage (%)
PT FWD Insurance Indonesia ⁽¹⁾	PT. Surya Elok Kencana	1,700,222	20.94%
FWD Takaful	Employees Provident Fund Board ⁽²⁾	600,000	30.00%
Siam Pacific Corporation Co., Ltd. ⁽³⁾	Daisy Ann Chan	428,400	28.00%
	Diraka	351,900	23.00%
	Charmponod		
TIM Ventures Sdn. Bhd. ⁽⁴⁾	Artem Ventures Sdn. Bhd.	100,000	100.00%
FWD BSN Holdings Sdn. Bhd.	Bank Simpanan Nasional ⁽⁵⁾	176,400,000	30.00%
FMHCH	TMF Trustees Malaysia Berhad ⁽⁶⁾	106,223,600	51.44%
	Clara Tiong Siew Ee	29,488,200	14.28%
	Seow Voon Ping	29,488,200	14.28%

(1) PT FWD Insurance Indonesia, directly and indirectly, wholly owns PT FWD Asset Management (including through contractual arrangements).

(2) Employees Provident Fund Board is a statutory body which is governed by the Employees Provident Fund Act 1991.

(3) Siam Pacific Corporation Co., Ltd. directly owns 51% of the issued share capital of Siam PCG Co., Ltd., which in turn directly wholly owns 50.98% of the issued share capital of FWD Thailand.

(4) Artem Ventures Sdn. Bhd. owns 9.77% of the issued share capital of TIM Ventures Sdn. Bhd. which gives Artem Ventures Sdn. Bhd. 100% of the voting rights of TIM Ventures Sdn. Bhd.

(5) Bank Simpanan Nasional is a Malaysian body corporate established under the Bank Simpanan Nasional Act 1974.

(6) TMF Trustees Malaysia Berhad is a company incorporated in Malaysia and registered as a trust company under the Trust Companies Act 1949.

5. Repurchase by our Company of its own securities

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) *Shareholders' Approval*

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(ii) *Source of Funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association of our Company and the Listing Rules and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Any purchase by our Company may be made out of our Company's capital or profits so long as our Company is solvent.

(iii) *Trading Restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate nominal value of our share capital in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five (5) preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if that repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as

required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

Shares that our Company purchases, redeems or acquires may, at the option of our Company, be cancelled or held as treasury shares in accordance with the Cayman Companies Act.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (1) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules) and (2) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarter or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vii) Core Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a “core connected person,” that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for Repurchases

The Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors have sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(c) Funding of Repurchases

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with its Memorandum and Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

There could be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) if the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the repurchase mandate, on the basis of 1,271,003,877 Shares in issue immediately following the completion of the Global Offering, could accordingly result in up to approximately 127,100,388 Shares being repurchased by our Company during the period prior to:

- (i) the conclusion of the next annual general meeting of our Company; or
- (ii) the end of the period within which our Company is required by the Memorandum and Articles of Association or any applicable law to hold its next annual general meeting; or

- (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of Material Contracts

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:



- (a) the Hong Kong Underwriting Agreement;
- (b) the Implementation Agreement; and
- (c) the Cornerstone Investment Agreements.

2. Intellectual Property

As at the Latest Practicable Date, the following intellectual property rights are material to the Group's business:

(a) Trademarks

As at the Latest Practicable Date, the "FWD" logo is the primary trademark of the Group, the Group had applied for the registration of or registered the following trademarks which are material to its business:

Trademark	Class	Jurisdiction	Application Number	Registration Number	Filing Date	Grant Date
	36	Hong Kong	305500386	305500386	7 January 2021	7 May 2021
		Indonesia	JID2021009710	IDM000959883	10 February 2021	7 April 2022
		Japan	2021-012523	6487830	3 February 2021	17 December 2021
		Macau	N/179393	N/179393	11 February 2021	21 July 2021
		Philippines	42021503664	4/2021/00503664	15 February 2021	18 June 2021
		Singapore	40202102621S	40202102621S	2 February 2021	26 August 2021
		Vietnam	4-2021-04522	449858	2 February 2021	5 April 2023
		Thailand	210104091	22119801	2 February 2021	29 June 2022
		Cambodia	KH/21/96820	KH/86093/21	11 February 2021	10 November 2021
		Malaysia	TM2023009145	TM2023009145	29 March 2023	29 November 2023 ⁽¹⁾
	Malaysia	TM2021002870	TM2021002870	2 February 2021	10 February 2022 ⁽¹⁾	

Note:

(1) Date of issuance of the certificate of registration.

As part of the Group's ordinary course of operations, from time to time it may enter into bancassurance and other distribution arrangements with chosen partners, including banks and other distributors. There are numerous factors the Group takes into consideration in selecting its partners, including reputation, track record, revenue generation and the value of their brand. As part of these arrangements, such partners may license certain of their trademarks to the Group for use in product brochures and other marketing materials issued by the Group, to the extent permitted by law.

(b) *Domain Names*

As at the Latest Practicable Date, the following are the primary domain names registered by the Group:

fwd.com.hk

fwd.com.mo

fwd.co.th

fwdlife.co.jp

fwd.co.id

fwd.com.ph

fwd.com.sg

fwd.com.my

fwd.com.vn

fwd.com.kh

fwd.com

C. FURTHER INFORMATION ABOUT THE DIRECTORS

1. Disclosure of Interests

Immediately following the completion of the Global Offering, the interests and/or short positions (as applicable) of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under

such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange, will be as follows:

Interest in the Shares

Name of Director or Chief Executive	Nature of Interest	Number of Shares³	Approximate Percentage
MA Si Hang, Frederick ¹	Beneficial interest	348,589	0.03%
Mr. Li ²	Beneficial interest in controlled corporations	844,566,254	66.45%
Mr. Huynh	Beneficial interest	1,704,496	0.13%
Walter KIELHOLZ ¹	Beneficial interest	205,052	0.02%
John DACEY ¹	Beneficial interest	102,526	0.01%
CHUNG Kit Hung, Martina ¹	Beneficial interest	307,578	0.02%
John BAIRD ¹	Beneficial interest	246,063	0.02%
Dirk SLUIMERS ¹	Beneficial interest	102,526	0.01%
Kyoko HATTORI ¹	Beneficial interest	102,526	0.01%
Yijia TIONG ¹	Beneficial interest	20,505	0.00%

1. Pursuant to the satisfaction upon Listing of the vested grants made to him or her under the Share Option and RSU Plan.
2. Mr. Li is deemed to be interested in (a) 243,408,317 Shares and (b) 39,830,661 Series A Conversion Shares, 5,691,030 Series B-2 Conversion Shares and 98,797,080 Series B-3 Conversion Shares which are indirectly held by him through Mr. Li's Entities, such interests of which shall be converted into 2,533,698,773 Shares in accordance with Phase 3 of the Reorganisation (which will be 844,566,254 Shares after the Share Consolidation). For further details, please refer to the section headed "*History, Reorganisation and Corporate Structure – Reorganisation – Phase 3: Conversion of Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares into Shares*". The 243,408,317 Shares, 39,830,661 Series A Conversion Shares, 5,691,030 Series B-2 Conversion Shares and 98,797,080 Series B-3 Conversion Shares are deemed to be indirectly held by him through PCGI Holdings, Spring Achiever Limited and Spring Achiever HK.
3. The Shares held or received by Directors pursuant to the satisfaction of awards granted under the Share Option and RSU Plan at any time during the period from the Listing Date to six months after the Listing Date shall be subject to a lock-up period ending on the date falling six months after the Listing Date.

Save as disclosed above, none of the Directors or the chief executive of our Company will, immediately following the completion of the Global Offering, have an interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange.

2. Particulars of Letters of Appointment

Each of the Directors has entered into a letter of appointment with our Company subject to the provision of retirement and rotation of Directors under the Memorandum and Articles of Association.

Pursuant to the terms of the letters of appointment entered into between the Directors (on the one part) and our Company (on the other part), the aggregate annual director's fees payable by our Company to the Directors in respect of their appointments in our Group is approximately HK\$21 million.

The director's fees payable by our Company to the relevant Director is subject to increase or reduction as shall be determined or approved by the Board and the Shareholders.

Each of the Directors is entitled to reimbursement from us for all necessary and reasonable out-of-pocket expenses properly incurred in connection with the performance and discharge of his/her duties under his/her letter of appointment.

Save as disclosed above, none of the Directors has entered into any service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Directors' Remuneration

For details of the Directors' remuneration, see "*Directors and Senior Management – Remuneration of Directors and Senior Management and Remuneration of Five Highest Paid Individuals.*"

4. Agency Fees or Commissions Received

The Syndicate Capital Market Intermediaries will receive an underwriting commission and the Syndicate Capital Market Intermediaries may receive a discretionary incentive fee in connection with the Underwriting Agreements, as detailed in “*Underwriting – Commissions and Expenses.*” Save in connection with the Underwriting Agreements and the issue of Shares pursuant to the Pre-IPO Investments and/or the Cornerstone Investments, and/or as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms have been granted by the Group to any person (including the Directors and experts referred to in “– *Other Information – Qualifications and Consents of Experts*” below) in connection with the issue or sale of any capital or security of our Company or any member of the Group within the two years immediately preceding the date of this prospectus.

5. Personal Guarantees

The Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to the Group.

6. Disclaimers

- (a) Save as disclosed in this prospectus, none of the Directors nor any of the experts referred to in “– *Other Information – Qualifications and Consents of Experts*” below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) Save in connection with the Underwriting Agreements, none of the Directors nor any of the experts referred to in “– *Other Information – Qualifications and Consents of Experts*” below, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group.
- (c) Save as disclosed in this prospectus, none of the Controlling Shareholders and the Directors is interested in any business apart from the Group’s business which competes or is likely to compete, directly or indirectly, with the business of the Group.
- (d) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of our Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Global Offering or related transactions as mentioned.

- (e) So far as is known to the Directors, other than PCCW which Mr. Li is deemed to be interested (for the purposes of the SFO) in as to 31.83% of the equity interest, none of the Directors or their associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of our Company has any direct interest in the five largest customers of the Group during the Track Record Period.

D. EQUITY INCENTIVE PLANS

1. Equity Incentive Plans of the Group

We believe that a business is only as good as its people. Our success is driven by the fact that our employees see themselves as owners and stakeholders of our business. For this reason, we provide our employees with the opportunity to become true owners of our business by acquiring equity interests through our Equity Incentive Plans and therefore aligning their interests with those of the Group.

The Group has three Equity Incentive Plans, namely:

- (a) the FWD Share Option and RSU Plan (the “**Share Option and RSU Plan**”);
- (b) the FWD Share Award Plan (the “**Share Award Plan**”); and
- (c) the FWD Employee Share Purchase Plan (the “**Employee Share Purchase Plan**”).

The Share Option and RSU Plan was jointly adopted by FL and FGL while the Share Award Plan and the Employee Share Purchase Plan were adopted by our Company.

Share-based awards in the form of RSUs, PSUs and options were granted by the Group before the Listing under the Share Option and RSU Plan and the Share Award Plan (the “**Pre-IPO Awards**”). The Pre-IPO Awards granted under the Share Option and RSU Plan were in respect of FL and FGL shares (subject to Phase 2 of the Reorganisation) and the Pre-IPO Awards granted under the Share Award Plan were in respect of Shares.

To the extent the Pre-IPO Awards granted under the Share Option and RSU Plan vest or are exercised prior to the Listing, they would have been satisfied with “stapled share units” (as further explained below). Pursuant to Phase 2 of the Reorganisation, instead of stapled share units, where vesting and/or exercise take place prior to Listing, the Pre-IPO Awards granted under the Share Option and RSU Plan will be satisfied by Management Shares. The Management Shares will be converted into Shares upon Listing. To the extent the outstanding Pre-IPO Awards granted under the Share Option and RSU Plan are to be satisfied upon or after the Listing, they will be satisfied with Shares.

There are a total of 19 grantees whose Pre-IPO Awards granted in the form of options have not vested and/or have not been exercised as of the Latest Practicable Date. Such Pre-IPO Awards were granted between 2017 and 2024. All such options, vested and unvested, will become zero in value following the completion of Phase 3 of the Reorganisation in accordance with the Implementation Agreement. Please see “*History, Reorganisation and Corporate Structure – Phase 3: Conversion of Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares into Shares*” for further details. As a result, there will be no outstanding options after the completion of the Global Offering.

As at the Latest Practicable Date, the total Pre-IPO Awards that are outstanding and may be satisfied by Shares represent, in aggregate, up to approximately 81,345,600 Shares (which will be 27,115,200 Shares after the Share Consolidation).

Shares will be issued to Directors and a former director on Listing pursuant to satisfaction of their Pre-IPO Awards under the Share Option and RSU Plan separate from the Pre-IPO Awards Shares Issuance as described below.

Shares underlying the Pre-IPO Awards that are outstanding (other than those to be issued to Directors and a former director on the Listing Date pursuant to satisfaction of certain Pre-IPO Awards as aforementioned) will only be issued by our Company after the Listing in accordance with the terms of such Pre-IPO Awards and to satisfy such Pre-IPO Awards. As at the Latest Practicable Date, the maximum total number of Shares which may be issued upon vesting of all such Pre-IPO Awards pursuant to the Pre-IPO Awards Shares Issuance represent, in aggregate, up to 25,659,330 Shares (as adjusted after the Share Consolidation) and approximately 2.02% of our issued share capital immediately following the completion of the Global Offering. Assuming full vesting of all such Pre-IPO Awards, the 25,659,330 Shares (as adjusted after the Share Consolidation) will be issued to a maximum of 369 grantees. The shareholding of our Shareholders upon completion of the Global Offering will be diluted by approximately 1.98% if all such outstanding Pre-IPO Awards pursuant to the Pre-IPO Awards Shares Issuance are fully vested and are satisfied by Shares to be issued under the Pre-IPO Awards Shares Issuance. Application has been made to the Stock Exchange for the listing of, and permission to deal in, up to 25,659,330 Shares (as adjusted after the Share Consolidation) which will only be issued by our Company after the Listing in accordance with the terms of such Pre-IPO Awards and to satisfy such Pre-IPO Awards.

The Shares held or received by all grantees pursuant to the satisfaction of awards granted under the Share Option and RSU Plan or Share Award Plan (as the case may be) at any time during the period from the Listing Date to six months after the Listing Date shall be subject to a lock-up period ending on the date falling six months after the Listing Date.

Our Company intends to make grants under the Share Award Plan to our CEO, senior management and other employees across late 2025 and 2026 and will ensure compliance with the applicable Listing Rules.

Details of the Pre-IPO Awards granted in the form of RSUs and PSUs that are outstanding as of the Latest Practicable Date are set out below⁽¹⁾:

Grantee	Date of Grant	Vesting Date(s)	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs as of the Latest Practicable Date	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs and approximate percentage of shareholding immediately following the completion of the Global Offering	
<u>Connected Persons</u>					
Directors of the Company					
MA Si Hang, Frederick	26/12/2023	26/12/2023	348,589	348,589	0.0274%
HUYNH Thanh Phong	16/6/2025	01/04/2028	1,704,496	1,704,496	0.1341%
John BAIRD	27/12/2023	27/12/2023	246,063	246,063	0.0194%
Dirk SLUIMERS	3/1/2024	3/1/2024	102,526	102,526	0.0081%
Kyoko HATTORI	27/12/2023	27/12/2023	102,526	102,526	0.0081%
CHUNG Kit Hung, Martina	27/12/2023	27/12/2023	307,578	307,578	0.0242%
Yijia TIONG	27/12/2023	27/12/2023	20,505	20,505	0.0016%
Walter KIELHOLZ	27/12/2023	27/12/2023	205,052	205,052	0.0161%
John DACEY	13/6/2025	13/6/2025	102,526	102,526	0.0081%
Sub-total 9 directors of the Company	NA	NA	3,139,861	3,139,861	0.2470%
Former Directors of the Company					
Sun Po Yuen	27/12/2023	27/12/2023	20,505	20,505	0.0016%
Sub-total 1 former directors of the Company	NA	NA	20,505	20,505	0.0016%
Directors and chief executives of the Company's subsidiaries ⁽²⁾					
Person 1	3/4/2023	01/04/2026 & 01/04/2027	364,413	364,413	0.0287%
	13/8/2024	01/04/2027 & 01/04/2028	377,166	377,166	0.0297%
	12/5/2025	01/04/2028	755,329	755,329	0.0594%
Person 2	1/4/2024	01/04/2026 & 01/04/2027	369,471	369,471	0.0291%
	13/8/2024	01/04/2027 & 01/04/2028	384,252	384,252	0.0302%

Grantee	Date of Grant	Vesting Date(s)	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs as of the Latest Practicable Date	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs and approximate percentage of shareholding immediately following the completion of the Global Offering	
Person 3	12/5/2025	01/04/2028	461,741	461,741	0.0363%
	3/4/2023	01/04/2026 & 01/04/2027	222,186	222,186	0.0175%
	13/8/2024	01/04/2027 & 01/04/2028	231,075	231,075	0.0182%
Person 4	12/5/2025	01/04/2028	279,023	279,023	0.0220%
	3/4/2023	01/04/2026 & 01/04/2027	19,043	19,043	0.0015%
	13/8/2024	01/04/2027 & 01/04/2028	19,596	19,596	0.0015%
Person 5	12/5/2025	01/04/2028 & 01/04/2029	20,282	20,282	0.0016%
	12/5/2025	01/04/2028	140,077	140,077	0.0110%
	NA	NA	3,643,654	3,643,654	0.2867%
Sub-total 5 subsidiary directors and chief executives of our Company's subsidiaries⁽²⁾					
Former Directors and chief executives of the Company's subsidiaries⁽²⁾					
Person 1	3/4/2023	01/04/2026 & 01/04/2027	14,023	14,023	0.0011%
	13/8/2024	01/04/2027 & 01/04/2028	14,023	14,023	0.0011%
	12/5/2025	01/04/2028 & 01/04/2029	14,373	14,373	0.0011%
Person 2	3/4/2023	01/04/2026 & 01/04/2027	16,600	16,600	0.0013%
	13/8/2024	01/04/2027 & 01/04/2028	16,600	16,600	0.0013%
Sub-total 2 former subsidiary directors and chief executives of our Company's subsidiaries⁽²⁾	NA	NA	75,619	75,619	0.0059%

Grantee	Date of Grant	Vesting Date(s)	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs as of the Latest Practicable Date	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs and approximate percentage of shareholding immediately following the completion of the Global Offering	
Non-connected Persons					
Directors and chief executives of the Company's insignificant subsidiaries only					
Person 1	3/4/2023	01/04/2026 & 01/04/2027	54,414	54,414	0.0043%
	13/8/2024	01/04/2027 & 01/04/2028	57,954	57,954	0.0046%
	12/5/2025	01/04/2028 & 01/04/2029	69,646	69,646	0.0055%
Person 2	3/4/2023	01/04/2026 & 01/04/2027	21,820	21,820	0.0017%
	13/8/2024	01/04/2027 & 01/04/2028	22,693	22,693	0.0018%
	12/5/2025	01/04/2028 & 01/04/2029	23,148	23,148	0.0018%
Person 3	3/4/2023	01/04/2026 & 01/04/2027	11,070	11,070	0.0009%
	13/8/2024	01/04/2027 & 01/04/2028	11,292	11,292	0.0009%
	12/5/2025	01/04/2028 & 01/04/2029	11,520	11,520	0.0009%
Person 4	3/4/2023	01/04/2026 & 01/04/2027	8,461	8,461	0.0007%
	13/8/2024	01/04/2027 & 01/04/2028	8,631	8,631	0.0007%
Person 5	3/4/2023	01/04/2026 & 01/04/2027	56,859	56,859	0.0045%
	13/8/2024	01/04/2027 & 01/04/2028	57,999	57,999	0.0046%
	12/5/2025	01/04/2028 & 01/04/2029	67,935	67,935	0.0053%

Grantee	Date of Grant	Vesting Date(s)	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs as of the Latest Practicable Date	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs and approximate percentage of shareholding immediately following the completion of the Global Offering	
Person 6	3/4/2023	01/04/2026 & 01/04/2027	3,867	3,867	0.0003%
	13/8/2024	01/04/2027 & 01/04/2028	3,867	3,867	0.0003%
	12/5/2025	01/04/2028 & 01/04/2029	3,964	3,964	0.0003%
Person 7	3/4/2023	01/04/2026 & 01/04/2027	41,061	41,061	0.0032%
	13/8/2024	01/04/2027 & 01/04/2028	44,184	44,184	0.0035%
	12/5/2025	01/04/2028 & 01/04/2029	60,609	60,609	0.0048%
Person 8	3/4/2023	01/04/2026 & 01/04/2027	56,343	56,343	0.0044%
	13/8/2024	01/04/2027 & 01/04/2028	56,343	56,343	0.0044%
	12/5/2025	01/04/2028 & 01/04/2029	65,733	65,733	0.0052%
Person 9	3/4/2023	01/04/2026 & 01/04/2027	45,939	45,939	0.0036%
	13/8/2024	01/04/2027 & 01/04/2028	47,322	47,322	0.0037%
	12/5/2025	01/04/2028 & 01/04/2029	56,875	56,875	0.0045%
Person 10	3/4/2023	01/04/2026 & 01/04/2027	120,789	120,789	0.0095%
	13/8/2024	01/04/2027 & 01/04/2028	127,431	127,431	0.0100%
	12/5/2025	01/04/2028 & 01/04/2029	157,591	157,591	0.0124%
Person 11	3/4/2023	01/04/2026 & 01/04/2027	31,601	31,601	0.0025%
	13/8/2024	01/04/2027 & 01/04/2028	32,235	32,235	0.0025%
	12/5/2025	01/04/2028	32,721	32,721	0.0026%

Grantee	Date of Grant	Vesting Date(s)	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs as of the Latest Practicable Date	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs and approximate percentage of shareholding immediately following the completion of the Global Offering	
Person 12	3/4/2023	01/04/2026 & 01/04/2027	52,377	52,377	0.0041%
	13/8/2024	01/04/2027 & 01/04/2028	53,583	53,583	0.0042%
	12/5/2025	01/04/2028 & 01/04/2029	64,701	64,701	0.0051%
Person 13	3/4/2023	01/04/2026 & 01/04/2027	5,236	5,236	0.0004%
	13/8/2024	01/04/2027 & 01/04/2028	5,564	5,564	0.0004%
	12/5/2025	01/04/2028 & 01/04/2029	5,871	5,871	0.0005%
Person 14	3/4/2023	01/04/2026 & 01/04/2027	13,531	13,531	0.0011%
	13/8/2024	01/04/2027 & 01/04/2028	14,289	14,289	0.0011%
	12/5/2025	01/04/2028 & 01/04/2029	51,873	51,873	0.0041%
Person 15	3/4/2023	01/04/2026 & 01/04/2027	164,565	164,565	0.0129%
	13/8/2024	01/04/2027 & 01/04/2028	170,325	170,325	0.0134%
	12/5/2025	01/04/2028 & 01/04/2029	204,673	204,673	0.0161%
Person 16	3/4/2023	01/04/2026 & 01/04/2027	112,719	112,719	0.0089%
	13/8/2024	01/04/2027 & 01/04/2028	117,225	117,225	0.0092%
	12/5/2025	01/04/2028	142,919	142,919	0.0112%
Person 17	3/4/2023	01/04/2026 & 01/04/2027	12,446	12,446	0.0010%
	13/8/2024	01/04/2027 & 01/04/2028	12,696	12,696	0.0010%
	12/5/2025	01/04/2028 & 01/04/2029	12,952	12,952	0.0010%

Grantee	Date of Grant	Vesting Date(s)	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs as of the Latest Practicable Date	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs and approximate percentage of shareholding immediately following the completion of the Global Offering	
Person 18	3/4/2023	01/04/2026 & 01/04/2027	52,260	52,260	0.0041%
	13/8/2024	01/04/2027 & 01/04/2028	55,188	55,188	0.0043%
	12/5/2025	01/04/2028 & 01/04/2029	143,668	143,668	0.0113%
Person 19	3/4/2023	01/04/2026 & 01/04/2027	13,579	13,579	0.0011%
	13/8/2024	01/04/2027 & 01/04/2028	14,340	14,340	0.0011%
	12/5/2025	01/04/2028	15,229	15,229	0.0012%
Person 20	3/4/2023	01/04/2026 & 01/04/2027	42,675	42,675	0.0034%
	13/8/2024	01/04/2027 & 01/04/2028	44,298	44,298	0.0035%
	12/5/2025	01/04/2028 & 01/04/2029	54,138	54,138	0.0043%
Person 21	3/4/2023	01/04/2026 & 01/04/2027	73,614	73,614	0.0058%
	13/8/2024	01/04/2027 & 01/04/2028	76,263	76,263	0.0060%
	12/5/2025	01/04/2028 & 01/04/2029	183,648	183,648	0.0144%
Person 22	3/4/2023	01/04/2026 & 01/04/2027	23,791	23,791	0.0019%
	13/8/2024	01/04/2027 & 01/04/2028	26,172	26,172	0.0021%
	12/5/2025	01/04/2028	27,221	27,221	0.0021%
Person 23	3/4/2023	01/04/2026 & 01/04/2027	12,460	12,460	0.0010%
	13/8/2024	01/04/2027 & 01/04/2028	45,231	45,231	0.0036%
	12/5/2025	01/04/2028 & 01/04/2029	54,351	54,351	0.0043%

Grantee	Date of Grant	Vesting Date(s)	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs as of the Latest Practicable Date	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs and approximate percentage of shareholding immediately following the completion of the Global Offering	
Person 24	3/4/2023	01/04/2026 & 01/04/2027	99,279	99,279	0.0078%
	13/8/2024	01/04/2027 & 01/04/2028	110,307	110,307	0.0087%
	12/5/2025	01/04/2028 & 01/04/2029	132,552	132,552	0.0104%
Person 25	1/4/2024	01/04/2026 & 01/04/2027	7,402	7,402	0.0006%
	13/8/2024	01/04/2027 & 01/04/2028	11,670	11,670	0.0009%
	12/5/2025	01/04/2028 & 01/04/2029	11,787	11,787	0.0009%
Person 26	1/4/2024	01/04/2026 & 01/04/2027	27,216	27,216	0.0021%
	13/8/2024	01/04/2027 & 01/04/2028	47,577	47,577	0.0037%
	12/5/2025	01/04/2028 & 01/04/2029	57,172	57,172	0.0045%
Person 27	13/8/2024	01/04/2027 & 01/04/2028	172,833	172,833	0.0136%
	12/5/2025	01/04/2028	207,686	207,686	0.0163%
Person 28	28/10/2024	01/04/2027 & 01/04/2028	15,540	15,540	0.0012%
	12/5/2025	01/04/2028 & 01/04/2029	58,212	58,212	0.0046%
Person 29	12/5/2025	01/04/2028 & 01/04/2029	165,025	165,025	0.0130%
Sub-total 29 subsidiary directors and chief executives of our Company's insignificant subsidiaries only	NA	NA	4,771,846	4,771,846	0.3754%

Grantee	Date of Grant	Vesting Date(s)	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs as of the Latest Practicable Date	Number of Shares underlying the outstanding awards granted in the form of RSUs and PSUs and approximate percentage of shareholding immediately following the completion of the Global Offering	
Senior management of the Group					
Person 1	28/03/2025	01/04/2026 & 01/04/2027	4,494,008	4,494,008	0.3536%
	12/05/2025	01/04/2028	1,553,513	1,553,513	0.1222%
Person 2	12/05/2025	01/04/2028	184,023	184,023	0.0145%
Sub-total 2 senior management of the Group			6,231,544	6,231,544	0.4903%
Other employees of the Group <i>including former employees</i> ⁽³⁾					
Sub-total 330 other employees of the Group <i>including former employees</i>			9,232,171	9,232,171	0.7264%
TOTAL OF ALL GRANTS OF RSUS AND PSUS ⁽⁴⁾			27,115,200	27,115,200	2.1334%

Notes:

- Note (1): The RSUs and PSUs disclosed in this table were granted (a) under the Share Option and RSU Plan in respect of FL and FGL shares (subject to conversion into and/or satisfaction by Management Shares or Shares pursuant to Phase 2 and Phase 3 of the Reorganisation, as applicable) and (b) under the Share Award Plan over Shares. This table sets out, among other things, the relevant number of Shares underlying the outstanding RSUs and PSUs and the approximate percentage of shareholding of each grantee immediately following the completion of the Global Offering. Shares will be issued to the relevant Directors and former director on Listing pursuant to satisfaction of their Pre-IPO Awards under the Share Option and RSU Plan separate from the Pre-IPO Awards Shares Issuance.
- Note (2): Excluding directors and chief executives of the Company's insignificant subsidiaries only.
- Note (3): RSUs and PSUs granted to the other employees of the Group were granted between April 2023 and May 2025.
- Note (4): The outstanding RSUs and PSUs granted under the Pre-IPO Awards will be satisfied upon their vesting by the Shares that are allotted and issued on Listing (in the case of relevant Directors and a former director) and after Listing to the trustee of the Equity Incentive Plans (pursuant to the Pre-IPO Awards Shares Issuance).
- Note (5): The calculations in respect of the RSUs and PSUs granted between April 2023 to May 2025 have adopted, for illustrative purposes, the year-to-date average exchange rate up to the Latest Practicable Date as applied to certain relevant monetary values denominated in foreign currencies.

Save as disclosed above, no other grants have been made to connected persons of the Company.

2. The Share Option and RSU Plan

The following is a summary of the principal terms of the Share Option and RSU Plan. The Share Option and RSU Plan was jointly adopted by the boards of directors of FL and FGL on 28 November 2017 and was subsequently amended on 5 December 2018 and 30 January 2022.

Awards granted under the Share Option and RSU Plan are in respect of “stapled share units”. Each “stapled share unit” comprises one ordinary share of FL and one ordinary share of FGL. The terms of the Share Option and RSU Plan are not subject to the provisions of Chapter 17 of the Listing Rules as the Group does not intend to make any further grants of awards under the Share Option and RSU Plan after the Listing.

The Pre-IPO Awards granted under the Share Option and RSU Plan that have yet to vest will not be accelerated upon the Listing and will continue to vest in accordance with the vesting schedule as set out in the respective letters of grant. To the extent that the Pre-IPO Awards (1) vest and/or are exercised prior to the Listing and are satisfied with Management Shares, such Management Shares will be converted into Shares in accordance with Phase 3 of the Reorganisation; or (2) are to be satisfied upon or after the Listing, such awards will be satisfied with Shares (rather than FL shares and FGL shares or Management Shares).

The Board approved the assumption of the outstanding awards by our Company on 16 August 2021 and 23 June 2022. A notice has been delivered in accordance with the terms of the Share Option and RSU Plan (please see *section I – exit event*) to inform the award holders of the treatment of their outstanding awards.

(a) Purpose

The purpose of the Share Option and RSU Plan is to provide the Group with a flexible means to retain, incentivise, reward, remunerate, compensate and/or provide benefits to its “eligible employees”, which include any employee, consultant or director holding salaried office or employment with:

- (i) FL, FGL and their subsidiaries (“**FWD Combined Group**”);
- (ii) an entity over which FL or FGL or the FWD Combined Group has significant influence. Significant influence means the power to participate in the financial and operating policy decisions of the entity without the power to control or jointly control those policies. If a member of the FWD Combined Group holds, directly or indirectly, 20% or more of the voting power of the entity, it is presumed that such member of the FWD Combined Group has significant influence over the entity, unless this is proven otherwise. A substantial or majority ownership by another investor in the entity does not preclude a member of the FWD Combined Group from having significant influence over the entity; or

- (iii) Mr. Li and all entities and persons that are subject to the Control (as defined below) of Mr. Li (other than the FWD Combined Group).

“Control” in relation to a body corporate or other person means the ability of a person to ensure that the activities and business of that body corporate or other person are conducted in accordance with the wishes of that person and a person shall be deemed to have Control of a body corporate if that person possesses or is entitled to acquire (directly or indirectly) the majority of the issued share capital or the voting rights in that body corporate or the right to receive the majority of the income of that body corporate on any distribution by it of all of its income or the majority of its assets on a winding up, and the term “controlled by” shall be construed accordingly.

(b) *Participants*

The board of directors of each of FL and FGL may, at its discretion, grant awards of RSUs or options pursuant to the Share Option and RSU Plan to any eligible employees who the relevant board of directors considers, in its absolute discretion, have contributed or will contribute to the Group.

(c) *Term*

The Share Option and RSU Plan will terminate at such time as may be determined by the boards of directors of FL and FGL (excluding any authorised committees save as otherwise directed, authorised or approved by the boards of directors of FL and FGL) for any reason. After the termination of the Share Option and RSU Plan, its terms shall remain in full force and effect in respect of RSUs and options which have been awarded and which remain unvested or unexercised immediately prior to the termination.

(d) *Appointment of a Trustee*

The boards of directors of FL and FGL may appoint a trustee to assist with the administration and vesting of awards granted pursuant to the Share Option and RSU Plan. The boards of directors of FL and FGL may to the extent permitted by applicable law: (a) allot, issue or transfer FL and FGL shares to the trustee to be held by the trustee pending the vesting or exercise of awards (as applicable) granted under the Share Option and RSU Plan and which will be used to satisfy the awards upon vesting or exercise (as applicable); and/or (b) direct and procure the trustee to make on-market purchases of FL and FGL shares to satisfy the awards upon vesting or exercise (as applicable). The boards of directors of FL and FGL shall to the extent permitted by applicable law provide sufficient funds to the trustee by whatever means as they may in their absolute discretion determine to enable the trustee to satisfy its obligations in connection with the administration and operation of the Share Option and RSU Plan including in relation to the delivery of FL and FGL shares.

(e) *Awards*

Grant of an award

An award of RSUs or options will be made to a participant by a letter of grant requiring the participant to undertake to hold the award on the terms on which it is to be granted (which will include the vesting date(s) and conditions that must be satisfied before an award will vest in whole or in part) and to be bound by the terms of (1) the Share Option and RSU Plan and the (2) confidentiality or intellectual property undertaking to be entered into by award holders in the form set out in the rules for the Share Option and RSU Plan (“**Confidentiality/Intellectual Property Undertaking**”) and (3) the agreement entered into between PCGI Limited, our Company, Swiss Re Investments, Swiss Re Ltd, FL and FGL dated 11 June 2018 (as amended from time to time and as applied pursuant to the letter entered into between our Company, PCGI Holdings, Swiss Re PICA, Swiss Re Ltd, FL, FGL on or around 31 July 2023) which contains, among other things, additional covenants that apply to award holders and holders of any FL and FGL shares pursuant to the Share Option and RSU Plan (“**FWD Share Award Agreement**”).

(f) *Maximum number of shares available*

At any time during the term of the Share Option and RSU Plan, the maximum aggregate number of FL and FGL shares with respect to which RSUs or options may be granted pursuant to the Share Option and RSU Plan is 2,000,000 FL shares and 2,000,000 FGL shares (subject to adjustment according to the below paragraph) (the “**Share Option and RSU Plan Mandate Limit**”). The Share Option and RSU Plan Mandate Limit may from time to time be “refreshed” by the boards of directors of FL and FGL (excluding any authorised committees save as otherwise directed, authorised or approved by the boards of directors of FL and FGL) for such number of FL and FGL shares as the boards of directors of FL and FGL consider appropriate and from time to time.

In the event of a consolidation or sub-division of shares in each of FL and FGL whilst any award remains outstanding, the boards of directors of FL and FGL (excluding any authorised committees save as otherwise directed, authorised or approved by the boards of directors of FL and FGL) will make corresponding adjustments (as necessary) (“**Share Option and RSU Plan Adjustment**”) to:

- (a) in respect of options, the subscription price for each outstanding option; and/or
- (b) the Share Option and RSU Plan Mandate Limit; and/or
- (c) the number of FL shares and/or FGL shares relating to the outstanding awards,

on the basis that in respect of options, the subscription price shall be no less than the nominal value of each FL and FGL share subject to the option and that each award holder upon the vesting or exercise of the award (as applicable) and the delivery of the FL and FGL shares will have the same proportion of the issued share capital of each of FL and FGL to which he would have been entitled if the FL and FGL shares were delivered to him immediately prior to the event leading to the Share Option and RSU Plan Adjustment.

In the event of any alteration in the capital structure of each of FL and FGL (other than by way of consolidation or sub-division of shares in each of FL and FGL), whether by way of capitalisation of profits or reserves, rights issue or reduction of share capital of each of FL and FGL (other than an issue of shares as consideration in respect of a transaction), the boards of directors of FL and FGL may (but are not obliged to) make such Share Option and RSU Plan Adjustment in such manner as the boards of directors of FL and FGL in their absolute discretion consider to be fair and reasonable. If the boards of directors of FL and FGL determine that a Share Option and RSU Plan Adjustment should be made as a result of one or more events or circumstances (other than an alteration in the capital structure of each of FL and FGL), which may include any distribution or other corporate transaction made or entered into by FL and FGL (or any of them), the boards of directors of FL and FGL may (but are not obliged to) make such Share Option and RSU Plan Adjustment in such manner as they in their absolute discretion consider to be fair and reasonable.

A Share Option and RSU Plan Adjustment will be deemed to have taken effect on the date of completion of the relevant corporate event leading to the Share Option and RSU Plan Adjustment (or such other date as considered more appropriate by the boards of directors of FL and FGL). No Share Option and RSU Plan Adjustment shall be made the effect of which would be to enable any FL and FGL share to be issued at less than its nominal value. Any Share Option and RSU Plan Adjustment determined by the boards of directors of FL and FGL shall be final, conclusive and binding against all award holders.

The boards of directors of FL and FGL will within 20 business days after the effective date of a Share Option and RSU Plan Adjustment inform each relevant award holder of the Share Option and RSU Plan Adjustment.

(g) *Vesting of awards*

An award (or the relevant part thereof) will vest on the date or dates specified in the letter of grant.

An award (or the relevant part thereof) will not vest unless and until all applicable conditions to which it is subject have been satisfied (subject to the determination of the number of FL and FGL shares, if any, to be delivered to the award holder in accordance with the satisfaction of any performance target as provided in the letter of grant, if applicable, and in respect of an option, pursuant to the exercise of the option). An

award may vest in full or in part, or an award may not vest, according to the terms and conditions of the letter of grant. Such terms and conditions may include restrictions against disposal of Shares that are or will be delivered upon vesting of the award, for a period after the vesting date.

Within 9 months following the vesting date, the boards of directors of FL and FGL shall provide a notice to the award holder confirming the number of FL and FGL shares (if any) that has vested to the award holder pursuant to and in accordance with the terms and conditions of the letter of grant and the terms of the Share Option and RSU Plan.

(h) *Lapse of awards*

An award will automatically lapse on the earlier of:

- (a) the failure to satisfy the vesting conditions pursuant to the above;
- (b) the failure of the award holder to provide signed cop(ies) of the undated instruments(s) of transfer;
- (c) the expiry of the award period; and
- (d) (whether the award has vested or is unvested) the award holder failing to obtain all necessary consents or file all necessary registrations within 20 business days after the date of any notice by the boards of directors of FL and FGL to the award holder requesting proof that such consents and registrations have been obtained or made.

If the award holder who on the date of the letter of grant was an eligible employee ceases to be an eligible employee before the vesting date due to death, ill health, serious injury or disability or retirement, his unvested award will lapse in its entirety on the date that he ceases to be an eligible employee, unless otherwise agreed by the boards of directors of FL and FGL (excluding any authorised committees save as otherwise directed, authorised or approved by the boards of directors of FL and FGL). A resolution of the board of directors of FL and FGL granting the relevant award or the respective resolutions of the boards of directors of FL and FGL or the board of directors of the relevant member of the FWD Combined Group to the effect that a person ceases to be an eligible employee will be conclusive and binding on the person.

If the award holder who on the date of the letter of grant was an eligible employee ceases to be an eligible employee before the vesting date for any reason other than those specified above (for the avoidance of doubt, including, but not limited to, redundancy, resignation, his employer ceasing to be a member of the FWD Combined Group, misconduct and any other circumstances), his unvested award will lapse in its entirety on the date that he ceases to be an eligible employee.

If an effective shareholders' resolution is passed for the voluntary winding-up of FL or FGL, all unvested awards will immediately and automatically lapse.

(i) *Rights of award holders*

An award holder cannot vote or receive dividends and does not have any right of a shareholder in respect of the FL and FGL shares which are subject to an award until such shares are allotted and issued to the award holder and the award holder has been registered in the register of members of FL or FGL in respect of such shares.

(j) *Transferability of awards*

Save with the prior written consent of the boards of directors of FL and FGL, an award holder cannot sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or otherwise dispose of any of his awards or purport to do any of the foregoing. If an award holder does, whether voluntarily or involuntarily, any of the foregoing without the prior written consent of the boards of directors of FL and FGL, the award will immediately and automatically lapse.

(k) *Rights attached to the shares*

FL or FGL shares issued upon the delivery of an award will be subject to all the provisions of the articles of association of FL or FGL, as the case may be, and will rank equally in all respects with the fully paid FL or FGL shares, as the case may be, in issue on the date of registration of the award holder in the register of members of FL or FGL, as the case may be, as the holder of the FL or FGL shares. FL or FGL shares will not carry any voting right or right to receive any dividends until the registration of the award holder in the register of members of FL or FGL as the holder of the FL or FGL share.

(l) *Exit event*

Notwithstanding any provision to the contrary in the Share Option and RSU Plan, if the boards of directors of FL or FGL (or, if the relevant event is related to FL or FGL only, the board of directors of FL or FGL to which the relevant event is related) determine by way of a resolution that it is contemplated or expected that:

- (a) any of the following events will be consummated (or, if earlier, a definitive agreement setting out the terms and conditions in relation to the event will be entered into by the relevant parties) within a period of 6 months following the date of such determination by the boards of directors of FL and FGL:
 - (i) an arm's length direct or indirect sale of all or substantially all of the business or assets of FL and/or FGL or an affiliate of FL or FGL, as the case may be, established for the purpose of implementing a sale;

- (ii) disposal by Mr. Li or any entity, person or body corporate subject to the Control of Mr. Li (other than the FWD Combined Group) of any FL or FGL shares to any independent third party (acting as principal for its own account) where such disposal is in respect of at least 50% of the total number of shares in FL or FGL (or each of FL and FGL) or an affiliate of FL or FGL, as the case may be, established for the purpose of implementing a disposal, held by Mr. Li or any entity, person or body corporate subject to the Control of Mr. Li (other than the FWD Combined Group) immediately prior to such disposal;
 - (iii) the initial public offering and listing of any equity securities (including securities that are convertible into equity securities) in FL or FGL (or each of them) or an affiliate of FL or FGL, as the case may be, established for the purpose of implementing an initial public offering, on a recognised stock exchange; or
 - (iv) any transaction, event or circumstance resulting in a change of Control in relation to FL or FGL (or each of them) or an affiliate of FL or FGL, as the case may be, established for the purpose of implementing a transaction, event or circumstance resulting in a change of Control, or
- (b) where the proposed event is an initial public offering, an application for listing in relation to a proposed initial public offering will be submitted to the recognised stock exchange within a period of 4 months following the date of such determination by the boards of directors of FL and FGL,

the boards of directors of FL and FGL may (but are not obliged to) upon or at any time after any of the above determinations are made and before the consummation of the relevant event (including an initial public offering), give a notice to each or any of the award holders whereupon any unvested award subject to the notice shall vest in whole or in part or unvest, and/or be exchanged for such number of securities (or an option in respect of such number of securities) in an affiliate of FL or FGL, as the case may be, established for the purpose of implementing an event described in paragraph (a) above, as may be determined by the boards of directors of FL and FGL in their absolute discretion to be fair and reasonable, as the case may be, subject to and in accordance with the terms and conditions set forth in the notice. Resolution(s) of the board(s) of directors of FL and/or FGL determining that any of the above listed triggers has occurred or approving the notice as described above, and the terms and conditions set out in such notice, will be conclusive and binding on the relevant award holder. The powers to determine the above may only be exercised by the relevant board(s) of directors of FL and/or FGL (excluding any authorised committee(s) save as otherwise directed, authorised or approved by the boards of directors of FL and FGL).

An exit event notice has been issued to all holders of Pre-IPO Awards granted pursuant to the Share Option and RSU Plan. The effect of the notice confirms that there will be no acceleration to the vesting of these Pre-IPO Awards, and accordingly the boards of directors of FL and FGL have determined that these awards will be assumed by the Company with effect from the date of the relevant exit event notice issued to the holders of the Pre-IPO Awards, in the manner as envisaged in Phase 3 of the Reorganisation and as disclosed above.

As a condition to the assumption of these Pre-IPO Awards by the Company, prior to the delivery of any Management Shares upon the vesting and/or exercise of any such Pre-IPO Awards, the holders are required to sign a deed of adherence to the side letter to the FWD Share Award Agreement, which confers to the Company equivalent rights and obligations to which FL and FGL are entitled or subject under the FWD Share Award Agreement (as also disclosed herein), as well as a deed of adherence to the Implementation Agreement which sets out, among other things, details of the conversion of the Management Shares into Shares upon completion of the Listing and the relevant calculation mechanics.

(m) Cancellation, substitution and/or exchange of awards

Notwithstanding the provisions set out in (l) (*exit event*) above, the boards of directors of FL and FGL may at any time substitute, exchange and/or cancel any awards (or part thereof) previously granted but which have not yet vested or have only partly vested (or in the case of options, which have not yet been exercised or have only been partly exercised by an option holder) and offer the award holder new awards of an equivalent value in another company including pursuant to different equity incentive plans as may be determined by the boards of directors of FL and FGL in their sole and absolute discretion. For the avoidance of doubt, where FL or FGL cancels awards and offers new awards under the Share Option and RSU Plan to the same award holder, the offer of such new awards may only be made with available awards to the extent not yet granted (excluding the cancelled awards) within the Share Option and RSU Plan Mandate Limit.

(n) Repurchase rights

Any FL and FGL shares issued upon the exercise of or in settlement of an award shall be subject to such rights of repurchase as set forth in the FWD Share Award Agreement or, if there is no such agreement in existence or such provisions do not exist in the FWD Share Award Agreement, such rights of repurchase as the boards of directors of FL and FGL may determine as set forth in a letter of grant.

(o) *Amendment to the Share Option and RSU Plan rules and terms of awards*

Subject to the relevant requirements of all laws, rules and regulations, the boards of directors of FL and FGL (excluding any authorised committees save as otherwise directed, authorised or approved by the boards of directors of FL and FGL) may change any of the provisions of the Share Option and RSU Plan (other than provisions relating to the Share Option and RSU Plan Mandate Limit) at any time, save for any change of the provision of any letter of grant in respect of any granted award.

No alteration of the Share Option and RSU Plan will operate to affect adversely any right which any award holder has accrued on that date before the effective date of such resolution, save to the extent any such alteration is made to cause the Share Option and RSU Plan to comply with the relevant requirements of all laws, rules and regulations.

Any amendment to the terms of a letter of grant in respect of an award granted may be made with the written consent of the boards of directors of FL and FGL and the award holder, save where the amendments take effect automatically under the terms of the Share Option and RSU Plan or the letters of grant or the FWD Share Award Agreement, or to the extent any such amendment is made to cause the Share Option and RSU Plan and the transactions contemplated thereunder to comply with the relevant requirements of all laws, rules and regulations (in which case the written consent of the award holder is not required), or to the extent any such amendments are made to correct a manifest error, provided that the amendments shall be consistent with the terms of the Share Option and RSU Plan and no amendment shall be made if it would result in the Share Option and RSU Plan Mandate Limit being exceeded.

3. Share Award Plan

The following is a summary of the principal terms of the Share Award Plan. The Share Award Plan was approved and adopted by the Board on 30 January 2022 and amended by the Board on 27 February 2023 with further minor amendments made on 8 August 2024 and 16 May 2025, in each case to incorporate the requirements set out in the revised Chapter 17 of the Listing Rules which took effect from 1 January 2023. The Share Award Plan operates both before and after the Listing. The terms of the Share Award Plan rules that are expressed to apply prior to the Listing are not subject to the provisions of Chapter 17 of the Listing Rules. The terms of the Share Award Plan rules that are expressed to apply after the Listing are subject to the provisions of Chapter 17 of the Listing Rules. The Board believes the terms of the Share Award Plan will facilitate the Board's aim to have flexible means to retain, incentivise, reward, remunerate and/or compensate eligible persons to drive the performance and growth of the Group's business for the benefit of the Group and the Shareholders as a whole.

(a) Purpose

The purpose of the Share Award Plan is to:

- (i) provide our Company with a flexible means to retain, incentivise, reward, remunerate and/or compensate its eligible persons by granting awards in the form of RSUs, PSUs and/or options; and
- (ii) drive the performance and growth of the Group's business by providing such eligible persons with the opportunity to acquire equity interests in our Company.

(b) Participants

The Board may grant awards to eligible persons. Eligible persons for the purpose of the Share Award Plan include:

- (i) an employee or director employed or engaged by a member of the Group (including a person who is granted an award as an inducement to enter into an employment contract with a member of the Group);
- (ii) an employee or director employed or engaged by (i) a holding company or fellow subsidiary of our Company; or (ii) an entity over which our Company or the Group has significant influence. Significant influence means the power to participate in the financial and operating policy decisions of the entity without the power to control or jointly control those policies. If our Company or the Group holds, directly or indirectly, 20% or more of the voting power of the entity, it is presumed that our Company or the Group has significant influence over the entity, unless this is proven otherwise. A substantial or majority ownership by another investor in the entity does not preclude our Company or the Group from having significant influence over the entity (each a **"Related Entity"**);
- (iii) (in respect of One-Off Awards (as defined below) only granted prior to the Listing) an employee or director employed or engaged by Mr. Li and all entities or persons subject to the control of Mr. Li (other than the Group and in this context, "control" means in relation to a body corporate or other person the ability of a person to ensure that the activities and business of that body corporate or other person are conducted in accordance with the wishes of that person and a person shall be deemed to have control of a body corporate if that person possesses or is entitled to acquire (directly or indirectly) the majority of the issued share capital or the voting rights in that body corporate or the right to receive the majority of the income of that body

corporate on any distribution by it of all of its income or the majority of its assets on a winding up) (“**PCG Group**” and a “**member of the PCG Group**” means any such person or body corporate); or

- (iv) an individual consultant, individual independent contractor, or individual self-employed contractor who provides services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group (but excluding any non-executive Directors, directors of the Group and any professional service providers who provide assurance or are required to perform their services with impartiality and objectivity) (each a “**Service Provider**”). In assessing the eligibility of any Service Provider and whether such Service Provider provides services on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, the Board will consider all relevant factors as appropriate, including (i) the nature and significance of the services provided to the Group; (ii) the experience of the Service Provider; (iii) the period of engagement of the Service Provider; and (iv) the contribution and/or future contribution of the Service Provider to the development and growth of the Group; or

(in respect of any of the eligible persons above, a “**Share Award Plan Employer**” means the member of the Group or Related Entity or (in respect of One-Off Awards only) the member of the PCG Group employing or engaging him).

The eligible persons have been chosen due to those persons having a sufficiently close relationship with the Group to be in a position to influence the Group’s business or operations. The Board considers it appropriate to enhance the long-term relationship with the eligible persons by aligning their interests with those of the Group.

(c) Term

The Share Award Plan will take effect subject to the passing of resolutions by the Board (and the Shareholders, to the extent necessary under applicable law) to approve and adopt the Share Award Plan.

The Share Award Plan will be valid and effective for the period commencing from the adoption of the Share Award Plan and expiring on the tenth (10) anniversary thereof or such earlier date as the Share Award Plan is terminated by our Company or the Board for any reason. After the plan period, our Company cannot grant new awards.

After the Share Award Plan expires or is terminated, for so long as there are unvested or partly vested awards or unexercised options, the Share Award Plan will remain in full force and effect for the purpose of giving effect to the exercise and vesting of such awards (and delivery of the relevant Shares) or otherwise as may be required in accordance with the Share Award Plan.

(d) *Appointment of a Trustee*

The Board may appoint a professional trustee to assist with the administration of the Share Award Plan. The Board may, to the extent permitted by applicable laws and regulations (including the Listing Rules): (a) allot, issue or transfer Shares to the trustee to be held by the trustee pending vesting and/or the exercise of awards granted under the Share Award Plan and which will be used to satisfy the awards upon vesting and/or exercise; and/or (b) direct and procure the trustee to make on- and off-market purchases of Shares to satisfy the awards upon vesting and/or exercise. The Board shall to the extent permitted by applicable laws and regulations provide sufficient funds to the trustee by whatever means as the Board may in its absolute discretion determine to enable the trustee to satisfy its obligations in connection with the administration and operation of the Share Award Plan, including in relation to the delivery of Shares. The trustee holding Shares in respect of any awards not yet vested and/or exercised shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

(e) *Awards*

(i) *Grant of an award*

The Board will grant awards by grant letters. Each grant letter will specify the name of the relevant participant, the date of the grant, the vesting date(s), any condition(s) to vesting (including performance condition(s), if any), the number of Shares underlying the award, the acceptance period, the exercise price (in the case of options), the exercise period (in the case of options) and such other terms and conditions to which the award will be subject. Such terms and conditions may include restrictions against disposal of Shares that are or will be delivered upon vesting of the award, for a period after the vesting date.

The grant letter will contain provisions requiring the participant to: (1) undertake to hold the award on the terms and conditions on which it is granted pursuant to the grant letter; and (2) agree to be bound by the Share Award Plan.

(ii) *Grant of One-Off Awards*

Notwithstanding any other terms of the Share Award Plan rules, our Company may (but is not obliged to) grant awards of RSUs and/or PSUs to the participants on a one-off basis to motivate and incentivise such individuals to achieve a high valuation of our Company upon the Listing, to reward those who are instrumental to the Listing process and to reward individuals who have shown loyalty and dedication to the Group (the **"One-Off Awards"**). Grants of One-Off Awards to members of the PCG Group may only be made prior to the Listing.

To the extent that the One-Off Awards are granted prior to the Listing, the Board authorises the CEO to grant such awards to such participants (except for Service Providers and himself) without the prior approval of the Board. The CEO is required to obtain the prior approval of the chairman (but not the Board) which may be given on a case-by-case basis for any grant(s) to Service Providers who are participants if such grants are made prior to the Listing.

To the extent that any One-Off Awards are granted following the Listing, such grants must comply with the Listing Rules. No grant of One-Off Awards may be made under the Share Award Plan after the fourth (4th) anniversary of the date of the Listing.

(iii) Timing of grant of awards

After the Listing, our Company may not grant any award after inside information has come to its knowledge until such time as that information has ceased to constitute inside information. In particular, our Company may not grant any award during the period commencing one month immediately preceding the earlier of:

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange or any other recognised stock exchange on which the Shares are listed in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. Where a grant of an award is to a Director or to any participant who, because of his office or employment or other relationship with the Group, is likely to be in possession of unpublished price-sensitive information in relation to the Shares, no award may be granted on any day on which the financial results of our Company are published and during the period of:

- (a) sixty (60) days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (b) thirty (30) days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(iv) *Grants of awards after the Listing*

The provisions below apply to the grants of awards following the Listing.

In any twelve (12) month period, the maximum number of New Shares (defined below) issued and/or transferred (and to be issued and/or transferred) upon the vesting and/or exercise of (i) the awards granted pursuant to the Share Award Plan and (ii) the awards granted pursuant to any other share-based incentive plans of our Company (excluding any awards which have lapsed in accordance with the Share Award Plan or awards which have lapsed in accordance with any other share-based incentive plans of our Company) to any participant shall not exceed one (1) % of the Shares in issue for the time being. Where any further grant of awards over New Shares to a participant would result in the breach of this limit, such further grant of awards must be separately approved by Shareholders in general meeting in accordance with the Listing Rules.

Any grant of awards to a Director (including independent non-executive Directors), CEO or substantial Shareholder of our Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed participant).

Where any grant of RSUs and/or PSUs to a Director (other than an independent non-executive Director) or CEO, or any of their respective associates would result in the New Shares issued and/or transferred (and to be issued and/or transferred) in respect of all RSUs and PSUs granted under the Share Award Plan or any other share-based incentive plans of our Company (excluding any RSUs and PSUs lapsed in accordance with the terms of the Share Award Plan or any other share-based incentive plans of our Company) to such person in the twelve (12) month period up to and including the grant date representing in aggregate over 0.1% of the Shares in issue, such further grant of RSUs or PSUs shall be subject to prior approval by the Shareholders in general meeting in accordance with the Listing Rules.

Where any grant of options, RSUs and/or PSUs to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, would result in the New Shares issued and/or transferred (and to be issued and/or transferred) in respect of all awards granted under the Share Award Plan or any other share-based incentive plans of our Company (excluding any awards lapsed in accordance with the terms of the Share Award Plan and any other share-based incentive plans of our Company) to such person in the twelve (12) month period up to and including the grant date representing in aggregate over 0.1% of the Shares in issue, such further grant must be subject to prior approval by the Shareholders in general meeting in accordance with the Listing Rules.

(f) Source of Shares

For the purpose of delivery to the award holder of Shares pursuant to the vesting and/or exercise of an award, our Company may in its sole and absolute discretion:

- (a) allot and issue the relevant number of Shares to the award holder credited as fully paid;
- (b) to the extent permitted by applicable laws and regulations (including the Listing Rules), allot and issue fully-paid Shares to the trustee and/or procure the trustee to transfer the relevant number of Shares to the award holder credited as fully paid; or
- (c) pay or procure a cash payment to be made to the award holder.

(g) Limits and approvals for awards which may be granted

The compensation committee must approve all awards that may be granted pursuant to the Share Award Plan (except for One-Off Awards granted pursuant to the terms of the Share Award Plan) at any time prior to the Listing.

After the Listing and at any time thereafter during the term of the Share Award Plan, the maximum aggregate number of New Shares in respect of which awards may be granted pursuant to the Share Award Plan will be calculated in accordance with the following formula:

$$X = A - B - C$$

where:

- X = the maximum aggregate number of New Shares in respect of awards that may be granted pursuant to the Share Award Plan;
- A = means: (a) ten (10) % of the Shares in issue on the date of Listing, or (b) where renewed in accordance with the terms of the Share Award Plan, ten (10) % of the Shares in issue as at the New Approval Date (as defined below) (the “**Plan Mandate Limit**”) (provided that the total number of Shares in respect of which awards granted to Service Providers shall not exceed three (3) % of the Shares in issue at such relevant date) (the “**Service Provider Sublimit**”);
- B = the maximum aggregate number of New Shares that may be allotted and issued by our Company and/or transferred by the trustee upon the vesting and/or exercise of the awards already granted pursuant to the Share Award Plan;

- C = the maximum aggregate number of New Shares that may be allotted and issued by our Company and/or transferred by the trustee upon the vesting and/or exercise of any awards already granted pursuant to any other share-based incentive plans of our Company.

New Shares in respect of:

- (a) awards which have lapsed or which have been satisfied by the making of a cash payment under the Share Award Plan; and
- (b) awards which have lapsed or which have been satisfied by the making of a cash payment under any other share plans,

will not be counted for the purposes of determining the maximum aggregate number of New Shares in respect of awards may be granted pursuant to the Share Award Plan.

(“**New Shares**” means (i) the new Shares directly allotted and issued by our Company to award holders upon the vesting and/or exercise of an award pursuant to the Share Award Plan; (ii) the new Shares directly allotted and issued by our Company to award holders upon the vesting of an RSU pursuant to the Employee Share Purchase Plan (see below); (iii) the new Shares directly allotted and issued by our Company to award holders upon the vesting and/or exercise of an award granted pursuant to any other share-based incentive plans of our Company and; (iv) the new Shares allotted and issued by our Company to the trustee upon or after the Listing (as may be permitted by applicable laws and regulations, including the Listing Rules), but shall exclude any Shares acquired by the trustee on- or off-market in accordance with the terms of the Share Award Plan and/or any other share-based incentive plans of our Company.)

The Plan Mandate Limit and the Service Provider sublimit may be renewed (a) every three (3) years subject to prior Shareholders’ approval or (b) within a three (3) year period subject to prior Shareholders’ approval and with the relevant persons specified in the Listing Rules abstaining from voting on the relevant resolution and in each case, subject to the requirements of the Listing Rules, but in any event, the total number of New Shares in respect of which awards may be granted pursuant to the Share Award Plan and any other share-based incentive plans of our Company following the date of approval of the renewed limit (the “**New Approval Date**”) under the renewed limit must not exceed ten (10) % (in respect of the Plan Mandate Limit) or three (3) % (in respect of the Service Provider Sublimit) of the Shares in issue as at the New Approval Date. New Shares in respect of which awards are granted pursuant to the Share Awards Plan and any other share-based incentive plans of our Company (including those outstanding, lapsed, vested or exercised) prior to the New Approval Date will not be counted for the purpose of determining the maximum aggregate number of New Shares in respect of which awards may be granted following the New Approval Date under the renewed limit. For the avoidance of doubt, New Shares allotted and issued and/or transferred

prior to the New Approval Date pursuant to the vesting or exercise of awards granted pursuant to the Share Award Plan and any other share-based incentive plans of our Company will be counted for the purpose of determining the number of Shares in issue as at the New Approval Date.

Notwithstanding the foregoing, our Company may grant awards over New Shares beyond the Plan Mandate Limit to participants specifically identified by our Company before Shareholders' approval is sought if such separate Shareholders' approval is sought in accordance with the Listing Rules.

(h) *Vesting of awards*

Subject to the relevant terms and conditions as set out in the Share Award Plan rules and the grant letter, the award will vest on the vesting date(s) set out in the grant letter. The Board is not required to apply the same terms and conditions to all awards. The vesting period for Awards over New Shares granted after the Listing shall not be less than twelve (12) months, except that the vesting period for an employee or director employed or engaged by a member of the Group may be less than twelve (12) months in specific circumstances determined by (i) the compensation committee, where the arrangements relate to awards over New Shares to the directors and/or senior managers of the Group; or (ii) the Board, where the arrangement relate to awards over New Shares to an employee employed by a member of the Group. These specific circumstances include but are not limited to grants of Awards over New Shares:

- (a) to new joiners to replace the share awards they forfeited when leaving the previous employer;
- (b) to award holders whose employment is terminated due to death, ill health, serious injury, disability or retirement or upon the occurrence of any out of control event, where the vesting of the award may accelerate based on the discretion of the Board (or the compensation committee, as the case may be);
- (c) with performance-based vesting conditions in lieu of time-based vesting criteria;
- (d) which could not have been made earlier due to administrative, commercial, compliance, regulatory, legal and/or other reasons and the vesting period will be shortened to put the award holders in the same position as they would have been in had the grant of award been made earlier; and
- (e) with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of twelve (12) months or pursuant to the terms and conditions as set out in the Share Award Plan.

The compensation committee and the Board are of the view that:

- (a) a strict twelve (12) month vesting period would not work or be fair to the holders of awards in the specific circumstances listed above;
- (b) a shorter vesting period would allow the Group the flexibility to provide a competitive remuneration package to retain, incentivise, reward, remunerate and/or compensate its eligible persons and reward exceptional performers or in exceptional circumstances where justified; and
- (c) the Group should be allowed discretion to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to apply vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

The compensation committee and the Board are of the view that a vesting period of less than twelve (12) months in the specific circumstances listed above is in line with the requirements under the Listing Rules and market practice, and with the purpose of the Share Award Plan.

Unless otherwise provided in the Share Award Plan, an award (or the relevant part thereof) will only vest if all applicable vesting conditions to which it is subject have been satisfied (subject to the determination of the number of Shares, if any, to be delivered to the award holder in accordance with the satisfaction of the relevant vesting conditions as provided in the grant letter). An award may vest in full or in part, or an award may not vest at all, according to the terms and conditions of the grant letter.

No performance targets shall be attached to awards under the Share Award Plan other than awards of PSUs. The performance targets that apply to PSUs granted after the Listing shall comprise financial and non-financial measures, including but not limited to value creation measures (for example, the value of new business, operating profits before tax, new business strain) and other strategic and organisational health measures (for example, feedback on customer experiences). The performance targets attached to PSUs will provide the Board with more flexibility in tailoring the terms and conditions of awards under the particular circumstances of each grant, which will facilitate the Board's aim to offer meaningful incentives to retain quality personnel.

(i) *Lapse of awards*

An award will automatically lapse and become null and void on the earlier of:

- (a) the failure to satisfy the relevant performance or other conditions;
- (b) the expiry of the exercise period (in the case of options); and

- (c) (whether the award (or any part of it) has vested or is unvested) the award holder failing to obtain all necessary consents or make all necessary registrations within 20 business days after the date of any notice by the Board to the award holder requesting proof that such consents and registrations have been obtained or made.

Within one (1) month of the relevant vesting date, the Board may (but is not obliged to) provide a vesting determination notice to the award holder confirming the number of RSUs, PSUs or options (if any) that have vested (and may be exercised, in the case of options) pursuant to and in accordance with the terms and conditions of the grant letter and the Share Award Plan rules.

If the award holder gives or receives notice to terminate his employment or service with a Share Award Plan Employer before the relevant vesting date due to ill health, serious injury or disability, or retirement, or ceases to be an eligible person due to death, any unvested portion of the award will continue to vest in accordance with the vesting date(s), unless otherwise determined by the Board. The Board may determine whether any changes will apply to the terms and conditions of any unvested portion of the award, and if so, what those changes are.

If the award holder gives or receives notice to terminate his employment or service with a Share Award Plan Employer before an applicable vesting date for any reason other than those specified above (for the avoidance of doubt, including but not limited to resignation, misconduct, redundancy and any other circumstances), or if the award holder was employed or engaged by a member of the Group at the grant date but transfers to any member of the PCG Group or a Related Entity before the relevant vesting date, any unvested portion of the award will lapse in its entirety on:

- (i) the date that the award holder gives or receives notice to terminate his employment or service with a Share Award Plan Employer so as to cease to be an eligible person; or
- (ii) the date that the award holder gives or receives notice to transfer his employment or engagement to any member of the PCG Group or to a Related Entity,

(as the case may be), unless otherwise determined by the (i) the CEO, in the case of the One-Off Awards and where the cessation of employment or service of the Award Holder is due to redundancy or (ii) the Board, in all other cases.

Notwithstanding the above, in the case of One-Off Awards, where an award holder is a director of the Group and his appointment as a director is terminated based on mutual agreement with the Group, the Board may determine that any unvested portion of the award will continue to vest on the date(s) specified in the award holder's grant letter.

For the avoidance of doubt, a determination by the Board to the effect that any of the circumstances above has occurred will be conclusive and binding on the person.

(j) Exercise of options

Any award of options (or the relevant part thereof):

- (a) which has vested;
- (b) in respect of which all conditions (if any) attaching to it have been satisfied;
and
- (c) which has not lapsed,

may be exercised by the award holder (or as the case may be, his personal representatives(s)) at any time during specified months of a year within the exercise period as set out in the grant letter.

An award of options may be exercised in whole or in part. The award holder (or, as the case may be, his personal representative(s)) must do the following to exercise an award of options:

- (a) complete, sign and return to the relevant party (as indicated in the vesting determination notice received from the Board) an exercise notice in such form as required by the Board (as attached to the vesting determination notice), which will state the award being exercised, the number of Shares in respect of which it is exercised and the total Share Award Plan Exercise Price for those Shares; and
- (b) pay in full the total Share Award Plan Exercise Price for the relevant Shares on or before the date of the exercise notice (or such other date as the Board may agree) to such bank account as designated by the Board in the vesting determination notice (or in such other manner as prescribed by the Board).

Unless otherwise expressly set out in the Share Award Plan, for the purpose of determining the date on or by which an award is or has been exercised, an award will be deemed to have been exercised when a duly completed exercise notice complying with the requirements of the Share Award Plan have been received by the relevant party (as indicated in the vesting determination notice) and the total Share Award Plan Exercise Price for the relevant Shares has been received in the bank account designated by the Board in cleared funds.

(k) Share Award Plan Exercise Price

In the case of options granted prior to the Listing, the exercise price will be determined by the Board in its absolute discretion.

In the case of options granted after the Listing, the price per Share at which an award holder may acquire Shares upon the exercise of an award (the “**Share Award Plan Exercise Price**”) will be determined by the Board in its absolute discretion but in any event must not be less than the higher of:

- (a) the closing price of a Share as stated in the daily quotations sheets issued by the Stock Exchange (the “**Plan Market Value**”) on the grant date, which must be a business day; and
- (b) the average Plan Market Value for the five (5) business days immediately preceding the grant date,

provided that for the purpose of determining the Share Award Plan Exercise Price where the Shares have been listed on the Stock Exchange or any other recognised stock exchange on which the Shares are listed for less than five (5) business days, the issue price of the Shares in the Listing shall be used as the Plan Market Value of the Shares for any business day falling within the period before the Listing of the Shares on the Stock Exchange or any other recognised stock exchange on which the Shares are listed. The mechanism for determining the Share Award Plan Exercise Price balances preserving the value of the Company whilst encouraging eligible persons to acquire proprietary interests in the Company.

(l) Rights of award holders

An award holder cannot vote or receive dividends and does not have any rights of a Shareholder in respect of Shares subject to an award until the Shares are delivered to the award holder.

(m) Transferability of awards

An award will be personal to the award holder and the award holder may not sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or otherwise dispose of any of his award or purport to do any of the foregoing, other than the permitted transfers below. If an award holder does, whether voluntarily or involuntarily, any of the foregoing without the prior written consent of the Board, the award will immediately and automatically lapse.

Where permitted by applicable laws and regulations (including the Listing Rules) and subject to the approval of the Stock Exchange or any other recognised stock exchange on which the Shares are listed, awards may be transferred to a vehicle (such as a trust or a private company) for the benefit of the award holder and any family members of such award holder that would continue to meet the purpose of the Share Award Plan.

(n) *Malus and clawback*

If circumstances occur which, in the reasonable opinion of the Board, justify a reduction to the award, the Board may in its discretion at any time before the award is vested or exercised determine that the number of Shares in respect of which the award is granted shall be reduced to such number (including to nil) as the Board considers appropriate in the circumstances.

If circumstances occur which, in the reasonable opinion of the Board, justify a reduction in respect of the Shares that have already been delivered then the Board may in its discretion determine (acting fairly and reasonably) that the award holder should repay to our Company (whether by redemption or repurchase of relevant Shares, payment of cash proceeds or deductions from or set offs against any amounts owed to the award holder by a Share Award Plan Employer) an amount equal to the benefit, calculated on an after-tax basis, that the award holder received, provided that the Board may, at its discretion, determine that a lesser amount should be repaid. Each award holder shall be deemed to undertake, as a condition of participation in the Share Award Plan, to do all things necessary to complete the redemption or repurchase of relevant Shares or pay cash in order to comply with the malus and clawback provisions as set out in the Share Award Plan and to expressly authorise deductions from or set offs against any amounts owed to the award holder by a Share Award Plan Employer.

The circumstances in which the Board may consider that it is appropriate to exercise its discretion under the above paragraphs, may, without limitation, include the following:

- (a) a material misstatement or restatement in the audited financial accounts of any Share Award Plan Employer (other than as a result of a change in accounting practice);
- (b) the negligence, fraud or serious misconduct of an award holder which results in or is reasonably likely to result in:
 - (i) significant reputational damage to any Share Award Plan Employer (or to a relevant business unit of any Share Award Plan Employer);

- (ii) a material adverse effect on the financial position of any Share Award Plan Employer (or to a relevant business unit of any Share Award Plan Employer); or
 - (iii) a material adverse effect on the business opportunities and prospects for sustained performance or profitability of any Share Award Plan Employer (or to a relevant business unit of any Share Award Plan Employer); or
- (c) the award holder being employed or engaged by a Share Award Plan Employer (or the relevant unit of any Share Award Plan Employer) that suffers:
 - (i) significant reputational damage;
 - (ii) a material adverse effect on its financial position; or
 - (iii) a material adverse effect on its business opportunities and prospects for sustained performance or profitability.

If any events justifying a reduction to awards or delivered Shares occur, the Company would not consider it in the Company's or Shareholders' best interests to incentivise them with proprietary interests of the Company, nor would the Company consider such grantees benefiting under the Share Award Plan to align with the purpose of the Share Award Plan.

(o) *Reorganisation of capital structure*

In the event of an alteration in the capital structure of our Company by way of a capitalisation of profits or reserves, bonus issue, rights issue, subdivision or consolidation of Shares or reduction of the share capital of our Company in accordance with applicable laws and the Listing Rules (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company or any of its subsidiaries is a party or in connection with any share option, restricted share or other share-based incentive plans of our Company) whilst any award remains not yet vested, unexercised and/or unsatisfied, the Board may adjust the nominal value or number of Shares subject to an award, the Share Award Plan Exercise Price and/or, only in the event of share subdivision or consolidation, the Plan Mandate Limit as it, in its absolute discretion, thinks fit. In respect of any such adjustments after the Listing, our Company's auditors or an independent financial advisor to our Company (as the case may be) must confirm to the Board in writing that the adjustments are in their opinion fair and reasonable. For the avoidance of doubt, where a subdivision or consolidation of Shares takes place after the Plan Mandate Limit and the Service Provider Sublimit have been approved following the Listing, these limits may be adjusted following the Listing accordingly in accordance with the Listing Rules.

(p) Corporate events

In the event of the following events taking place prior to the commencement of or expiry of the exercise period of any option or the vesting date of any RSU or PSU:

- (i) a general offer (other than by way of scheme of arrangement pursuant to sub-paragraph (iii) below) which is made by any person to acquire all the Shares (other than those already owned by the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional; or
- (ii) an offer by way of proposed merger or amalgamation or otherwise (other than by way of scheme of arrangement pursuant to sub-paragraph (iii) below) which is made by any person to acquire all the Shares (other than those already owned by the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer being accepted by the requisite Shareholder vote or notified to Shareholders by delivery of the final plan of merger (as the case may be); or
- (iii) an offer by any person for all the Shares (other than those already owned by the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) to be effected by way of scheme of arrangement is made and which is approved by the necessary number of Shareholders at the requisite meeting(s); or
- (iv) a compromise or arrangement (other than a scheme of arrangement contemplated in sub-paragraph (iii) above) between our Company and the Shareholders and/or the creditors of our Company is proposed for the purposes of or in connection with a plan for the reconstruction of our Company or its amalgamation with any other company or companies,

the Board shall, subject as provided below and (1) (in the case of sub-paragraph (i) above) prior to the offer becoming or being declared unconditional; (2) (in the case of sub-paragraph (ii) above) prior to the date of Shareholder approval or delivery of the plan of merger to Shareholders (as the case may be) or (3) (in the case of sub-paragraph (iii) or (iv) above) prior to the date of the relevant meeting(s), determine in its absolute discretion whether any RSU or PSU which has not yet vested shall vest and any option which has not yet been exercised shall be capable of exercise. To the extent that any award is not vested or exercised (whether the exercise period had commenced previously or not), it shall lapse automatically on (in the case of subparagraph (i) above) the date on which the offer closes; (in the case of sub-paragraph (ii) above) the date of the Shareholder meeting or delivery of the plan of merger to Shareholders (as the case may be); (in the case of sub-paragraph (iii) above) the record date for determining entitlements under the scheme of arrangement; and (in the case of sub-paragraph

(iv) above) on the date of the meeting of Shareholders or creditors. The vesting period for any award or option shall not be less than twelve (12) months. Only awards or options granted to employee participants may be subject to a shorter vesting period under the specific circumstances as set out in the sub-section headed “*Share Award Plan – Vesting of Awards*” in this section.

In the event a notice is given by our Company to the Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company prior to the expiry of the exercise period of any option or the vesting date of any RSU or PSU, our Company shall give notice thereof to all the award holders on the same day as it despatches to the Shareholders the notice convening the meeting. Notwithstanding any other terms on which the award was granted, any RSUs or PSUs (to the extent not already vested) shall vest and any options (to the extent not already exercised) may be exercised, in accordance with the following paragraph. Our Company shall as soon as possible and in any event no later than two business days immediately prior to the date of the proposed general meeting, allot and issue or procure the transfer of such number of Shares to the award holder which falls to be issued or transferred on such vesting or exercise of the award, credited as fully paid, and shall register such Shares in the name of the award holder and issue to the award holder (or his custodian agent) share certificates in respect of such Shares. If, for any reason, the resolution for the voluntary winding-up of our Company is not approved by the Shareholders, the rights of the award holder to exercise his options shall be restored in full, to the extent that they had not been exercised at the date such rights were suspended, as if such resolution for the voluntary winding-up of our Company had not been proposed by our Company and neither our Company nor the Directors shall be liable for any loss or damage suffered or sustained by any award holder as a result of the aforesaid suspension of rights.

The number of Shares in respect of which any award may vest or be exercised pursuant to the paragraphs above (if any) and the period during which such vesting may take place or any such exercise may occur shall be determined by the Board in its absolute discretion by reference to factors which may include (a) the extent to which any conditions to vesting have been satisfied as at the relevant event and (b) the proportion of the period from the grant date to the commencement of the normal vesting date or normal exercise period that has elapsed as at the relevant event. For the avoidance of doubt, in exercising such discretion following Listing, the Board shall comply with the relevant requirements of the Listing Rules. The balance of any award that is determined by the Board not to vest or be exercisable shall lapse.

(q) Cancellation, substitution and/or exchange of awards

The Board may at any time substitute, exchange and/or cancel any awards (or part thereof) previously granted but which have not yet vested or have only partly vested (or in the case of options, which have not yet been exercised by an award holder) and offer the award holder new awards of an equivalent value in our Company under the

Share Award Plan or another company including pursuant to a different equity incentive plan (as applicable). For the avoidance of doubt, where our Company cancels awards and offers new awards under the Share Award Plan to the same award holder, the offer of such new awards may only be made with available Shares to the extent not yet granted within the limits approved by Shareholders in accordance with the terms of the Share Award Plan. The cancelled awards cannot be added back to replenish the Plan Mandate Limit.

(r) Repurchase rights

Where an award holder ceases to be an eligible person for whatever reason prior to an exit event taking effect (as determined in the sole and absolute discretion of the Board), our Company will have the right (but not the obligation) to repurchase the Shares held by the award holder based on the value of a Share according to the latest valuation of our Company available to the Board or as determined by an accounting firm or financial advisor appointed by the Board in its sole and absolute discretion based on such guidance and methodology as may be determined by the Board from time to time. The Board may exercise this right by giving the award holder notice in writing to that effect within six (6) months from the date that the award holder ceases to be an eligible person.

(s) Exit event

For the purpose of the Share Award Plan, an exit event includes:

- (i) the sale of more than fifty (50) % of (i) our Company's business, and/or assets, and/or (ii) the shares in any member of the Group which holds the whole or substantially the whole of the business of the Group to one or more bona fide independent third parties, whether through a single transaction or a series of transactions;
- (ii) the sale of more than fifty (50) % of the Shares (or the shares of any body corporate established or acquired with the approval of the Board for the purpose of implementing an exit event ("**Exit Vehicle**")) to one or more bona fide independent third parties, whether through a single transaction or a series of transactions;
- (iii) the initial public offering and listing of the Shares (or the shares of an Exit Vehicle) on the Main Board of the Stock Exchange or on any other recognised stock exchange anywhere in the world.

Where the Board determines that an exit event will take effect, the Board may (but is not obliged to) at any time following that determination but before the exit event takes effect, decide in its sole and absolute discretion whether any unvested portion of an Award shall:

- (i) accelerate in whole or in part and be satisfied with the allotment and issue or transfer of Shares (or the equivalent number shares in an Exit Vehicle) or with a cash payment, though the vesting period for any award or option shall not be less than twelve (12) months. Only awards or options granted to employee participants may be subject to a shorter vesting period under the specific circumstances as set out in the sub-section headed “*Share Award Plan – Vesting of Awards*” in this section;
- (ii) continue to vest in whole or in part in accordance with its original or amended terms (as determined by the Board); and/or
- (iii) be exchanged for new awards in an Exit Vehicle which, in the opinion of the Board, is of equivalent value to the unvested awards, and

in the case of vested but unexercised options:

- (iv) whether amendments will be applied in respect of the terms of such options, including but not limited to the Share Award Plan Exercise Price and the exercise period; and
- (v) whether such options will be swapped for new options over the shares of an Exit Vehicle, and if so, the terms which will apply to such new options.

For the avoidance of doubt, in exercising such discretion following Listing, the Board shall comply with the relevant requirements of the Listing Rules.

Prior to an exit event taking effect (as determined in the sole and absolute discretion of the Board), no award holder can directly or indirectly dispose of any Shares, unless the award holder obtains the prior written consent of the Board (which may be granted or denied in the absolute discretion of the Board), save for any sale or transfer made by an award holder in accordance with the terms of the Share Award Plan.

In the event of a sale of more than fifty (50) % of the issued shares of our Company (or an Exit Vehicle) to one or more bona fide independent third parties, whether through a single transaction or a series of transactions, the Board will have the right to require the award holder to sell some or all of his Shares (or his shares in an Exit Vehicle) to the proposed purchaser on equivalent terms as to price and the terms of such sale as Mr. Li

and any person and/or entity or group of persons and/or entities controlled by or under the common control of Mr. Li which hold Shares (which, as at the date of adoption by the Board of the Share Award Plan, is PCGI Holdings).

(t) *Amendments to the Share Award Plan rules and terms of awards*

Prior to the Listing, the Board may make any changes to the terms and conditions of the Share Award Plan and to the terms of any awards as it sees fit, subject to applicable laws, rules and regulations, provided that no amendment of the terms and conditions of the Share Award Plan will operate to affect adversely any right which any award holder has accrued prior to the effective date of such amendment, save to the extent any such amendment is made to cause the terms and conditions of the Share Award Plan to comply with applicable laws, rules or regulations. For the avoidance of doubt, our Company is not required to obtain the prior consent of the award holder in respect of any amendments to the terms and conditions of the Share Award Plan or any changes to the terms of his award which are to comply with the applicable laws, rules or regulations or to correct a manifest error.

After the Listing, any amendments:

- (i) to the terms and conditions of the Share Award Plan which are of a material nature;
- (ii) to the terms and conditions of the Share Award Plan which relate to the matters set out in Rule 17.03 of the Listing Rules and which are to the advantage of the award holders; and
- (iii) to the authority of the Board or the trustee in relation to any alteration to the terms and conditions of the Share Award Plan,

must be made with the prior approval of Shareholders in general meeting. In respect of (i) above, the Board's determination as to whether any proposed amendment to the terms and conditions of the Share Award Plan is material shall be conclusive. The Board may make any other amendments to the terms and conditions of the Share Award Plan at any time, provided that no amendment of the terms and conditions of the Share Award Plan will operate to affect adversely any right which any award holder has accrued prior to the effective date of such amendment, save to the extent any such amendment is made to cause the Share Award Plan to comply with applicable laws, rules or regulations. For the avoidance of doubt, our Company is not required to obtain the prior consent of the award holder in respect of any amendments to the terms and conditions of the Share Award Plan which are to comply with applicable laws, rules or regulations or to correct a manifest error.

After the Listing, any amendments to the terms and conditions of any awards must be approved by the Board, the compensation committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the award was approved by the Board, the compensation committee, the independent non-executive Directors and/or the Shareholders (as the case may be), save where the amendments take effect automatically under the terms and conditions of the Share Award Plan or the grant letters. For the avoidance of doubt, our Company is not required to obtain the prior consent of the award holder in respect of any changes to the terms of awards which are to comply with applicable laws, rules or regulations or to correct a manifest error.

The amended terms and conditions of the Share Award Plan and the awards shall comply with the Listing Rules, including in particular Chapter 17 of the Listing Rules (if such changes take place after the Listing), and all applicable laws, rules and regulations.

4. Employee Share Purchase Plan

The following is a summary of the principal terms of the Employee Share Purchase Plan. The Employee Share Purchase Plan was conditionally approved and adopted by the Board on 30 January 2022. The terms of the Employee Share Purchase Plan have been amended by the Board on 27 February 2023 with further minor amendments made on 8 August 2024 and 16 May 2025, in each case to incorporate the requirements set out in the revised Chapter 17 of the Listing Rules which took effect from 1 January 2023. The Board believes the terms of the Employee Share Purchase Plan will facilitate the Board's aim to have flexible means to retain, incentivise, reward, remunerate and/or compensate eligible persons to drive the performance and growth of the Group's business for the benefit of the Group and the Shareholders as a whole.

(a) Purpose

The purpose of the Employee Share Purchase Plan is to:

- (i) provide our Company with a flexible means to retain, incentivise, reward, remunerate and/or compensate its eligible persons; and
- (ii) drive the performance and growth of the Group's business by providing eligible persons with the opportunity to acquire equity interests in our Company.

(b) Participants

The Board may, at its sole and absolute discretion, invite an eligible person who satisfies all such criteria as may be determined by the Board to participate in the Employee Share Purchase Plan through an offer letter. Eligible persons for the purpose of the Employee Share Purchase Plan include any employee employed by:

- (i) a member of the Group; or
- (ii) a Related Entity (as defined above);

(in respect of any of the eligible persons above, an “**Employee Share Purchase Plan Employer**” means the member of the Group or Related Entity employing him).

Any person who is:

- (i) a director, chief executive, or substantial shareholder of the Company or any of the Company’s subsidiaries;
- (ii) a person who was a director of the Company or any of the Company’s subsidiaries in the last twelve (12) months;
- (iii) an associate of any person set out in (i) or (ii) above; or
- (iv) such other person defined as a ‘connected person’ under the Listing Rules,

shall not be eligible to participate in the Employee Share Purchase Plan. For the avoidance of doubt, this excludes any director, chief executive or substantial shareholder of an insignificant subsidiary. However, if a person is connected with two (2) or more insignificant subsidiaries, the Board will aggregate the total assets, profits and revenue of the relevant subsidiaries to determine whether they are, together, insignificant subsidiaries. An “insignificant subsidiary” means a subsidiary whose total assets, profits and revenue compared to that of the Group are less than (i) ten (10) percent under the percentage ratios for each of the latest three (3) financial years (or if less, the period since the incorporation or establishment of the subsidiary) or (ii) five (5) percent under the percentage ratios for the latest financial year.

The eligible persons have been chosen due to those persons having a sufficiently close relationship with the Group to be in a position to influence the Group’s business or operations. The Board considers it appropriate to enhance the long-term relationship with the eligible persons by aligning their interests with those of the Group.

(c) *Term*

The Employee Share Purchase Plan will take effect on the date the following conditions are met:

- (a) the passing of the resolution by the Board (and the Shareholders to the extent necessary under applicable law) to approve and adopt the Employee Share Purchase Plan and to authorise the Board to grant RSUs and to allot and issue or otherwise deal with the Shares in connection with the Employee Share Purchase Plan;
- (b) the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the Employee Share Purchase Plan if applicable; and
- (c) the commencement of trading of the Shares on the Main Board of the Stock Exchange.

The Employee Share Purchase Plan will be valid and effective for the period commencing upon the satisfaction of all the conditions above and expiring on the tenth anniversary thereof or such earlier date as the Employee Share Purchase Plan is terminated by our Company or the Board for any reason. After the Employee Share Purchase Plan expires or is terminated, our Company cannot make new offers.

After the Employee Share Purchase Plan expires or is terminated, for so long as there are unvested RSUs or Employee Purchase Shares (defined below) which are still subject to the lock-up period, the Employee Share Purchase Plan will remain in full force and effect for the purpose of giving effect to the vesting of such RSUs and delivery of the relevant Shares underlying the RSUs (the “**Award Shares**”) and/or the Shares acquired by an award holder (the “**Employee Purchase Shares**”) or otherwise as may be required in accordance with the Employee Share Purchase Plan.

(d) *Appointment of a trustee*

The Board may appoint a trustee to assist with the administration of the Employee Share Purchase Plan. The Board may to the extent permitted by applicable laws and regulations (including the Listing Rules): (a) allot, issue or transfer Shares to the trustee to be held by the trustee pending the vesting of the Award Shares and the expiry of the lock-up period of the Employee Purchase Shares; and/or (b) direct and procure the trustee to make on- and off-market purchases of Shares to be used as Employee Purchase Shares and/or Award Shares, as the case may be in accordance with the terms of the Employee Share Purchase Plan. The Board shall to the extent permitted by applicable laws and regulations provide sufficient funds to the trustee by whatever means as the Board may in its absolute discretion determine to enable the trustee to satisfy its obligations in connection with the administration and operation of the

Employee Share Purchase Plan, including in relation to delivery of the Award Shares and/or Employee Purchase Shares. The trustee holding any Employee Purchase Shares subject to the lock-up period and RSUs not yet granted and/or vested shall abstain from voting on matters that require Shareholders' approval under the Listing Rules in respect of such Shares, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

(e) Employee Purchase Shares and Award Shares

(i) Invitation to acquire Employee Purchase Shares

During the period in each Employee Share Purchase Plan Year (defined below) whereby the Employee Share Purchase Plan is open for participation by a participant, the Board may at its sole and absolute discretion invite a participant to participate in the Employee Share Purchase Plan through an offer letter. The offer letter will invite the participant to acquire a number of Employee Purchase Shares, upon which the participant will be "matched" with RSUs in accordance with the paragraph below. If the participant wishes to take part in the Employee Share Purchase Plan, he will be required to indicate in the offer letter the percentage of his monthly basic salary he wishes to apply towards the acquisition of the Employee Purchase Shares (and such percentage will be used to determine the amount that the award holder pays to acquire the Employee Purchase Shares ("**Employee Purchase Amount**")). For the avoidance of doubt, the offer letter will specify a minimum and maximum percentage of monthly basic salary that the participant may apply towards acquiring the Employee Purchase Shares under the Employee Share Purchase Plan. The number of Employee Purchase Shares a participant acquires will depend on the Employee Purchase Amount and the price of the Shares.

A participant who acquires Employee Purchase Shares under the Employee Share Purchase Plan in accordance with the relevant terms and conditions and as set out in the offer letter and the confirmation notice issued to the award holder by our Company will be provisionally allocated with such number of "matching" RSUs equivalent to a ratio (specified in the offer letter) of the number of Employee Purchase Shares acquired during the Employee Share Plan Year. The "matching" RSUs will be granted to a participant at the end of the Employee Share Purchase Plan Year. Details regarding the terms and conditions of the RSUs and the Employee Purchase Shares will be set out in the offer letter and the confirmation notice.

(ii) Enrollment to the Employee Share Purchase Plan

An offer will be open for enrollment by the participant during the enrollment period set out in the offer letter. Only the participant can enroll to an offer and no other person can enroll to it on his behalf, unless otherwise agreed by the Board.

If an offer is not enrolled in the manner prescribed in the Employee Share Purchase Plan, it will be deemed to have been irrevocably declined and will automatically lapse. In addition, an offer will immediately and automatically lapse if, during the enrollment period, the participant gives or receives notice to terminate his employment or service so as to cease to be an eligible person for the purposes of the Employee Share Purchase Plan.

(iii) Source of Shares

In order to satisfy (i) the acquisition of Employee Purchase Shares by award holders and (ii) the RSUs which will be matched to the award holders, our Company may at its sole and absolute discretion:

- (a) direct and procure the trustee to make on- and off-market purchases of Shares at the prevailing market prices until the sum of all Employee Purchase Amounts paid by award holders and the total sum contributed by our Company to fund the purchase of Award Shares have been utilised as far as possible (over a fixed period of days on an aggregate basis if necessary). The Shares acquired by the trustee will be designated as either Employee Purchase Shares or Award Shares. Employee Purchase Shares will be allocated to the award holders on the basis of their respective Employee Purchase Amounts by reference to the weighted average purchase price of the Shares. Award Shares will be provisionally allocated to award holders based on the matching ratio with reference to the number of Employee Purchase Shares; and/or
- (b) to the extent permitted by applicable laws and regulations (including the Listing Rules), allot and issue fully-paid Shares to the trustee and/or direct and procure the trustee to use the Shares in the trust. The price of the Employee Purchase Shares will be the Plan Market Value (defined above) on the date immediately before the allotment or transfer of the Employee Purchase Shares (as the case may be), or if such date is not a business day, then the last business day before that. The Shares allotted and issued or transferred (as the case may be) will be designated as either Employee Purchase Shares or Award Shares. Employee Purchase Shares will be allocated to the award holders on the basis of their respective Employee Purchase Amount divided by the price of the Employee Purchase Shares. Award Shares will be provisionally allocated to award holders based on the matching ratio with reference to the number of Employee Purchase Shares.

For the avoidance of doubt, our Company may in its sole and absolute discretion direct and procure the trustee to satisfy the acquisition of (i) Employee Purchase Shares and (ii) Award Shares in different ways.

Our Company may in its sole and absolute discretion pay or procure a cash payment to the award holder.

(iv) *Restrictions*

Our Company may not make any offers or grant any matching RSUs after inside information has come to its knowledge until such time as that information has ceased to constitute inside information. In particular, our Company may not make any offers or grant any matching RSUs during the period commencing one (1) month immediately preceding the earlier of:

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. Where an offer or grant of matching RSUs is made to any participant or award holder who, because of his office or employment or other relationship with the Group, is likely to be in possession of unpublished price-sensitive information in relation to the Shares, no offer or grant of matching RSUs may be granted on any day on which the financial results of our Company are published and during the period of:

- (a) sixty (60) days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (b) thirty (30) days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

No offer will be made to, nor will any offer be capable of acceptance by, any award holder at a time when our Company, the trustee and/or the award holder would or might be prohibited from dealing in the Shares by the Listing Rules or by any other applicable laws, regulations or rules (including internal rules and policies).

To the extent that:

- (a) the acquisition of Shares on- and off-market by the trustee pursuant to the terms of the Employee Share Purchase Plan; or
- (b) the allotment and issuance of Shares by our Company to the trustee pursuant to the terms of the Employee Share Purchase Plan,

takes place at a time when our Company, the trustee or the award holder would or might be prohibited from dealing in the Shares by the Listing Rules or by any other applicable laws, regulations or rules (including internal rules and policies), such acquisition or allotment and issuance of Shares must be made as soon as possible after the date when such dealing is permitted. Any award holder who is in possession of unpublished price-sensitive information in relation to the Shares must immediately inform our Company and any dealing in the Shares by him or on his behalf by our Company or the trustee (including but not limited to the acquisition of Employee Purchase Shares) pursuant to the Employee Share Purchase Plan may be suspended until such time when such dealing is permitted.

(f) *Maximum number of New Shares which may be issued*

At any time during the term of the Employee Share Purchase Plan, the maximum aggregate number of New Shares (as defined above) in respect of which RSUs may be granted pursuant to the Employee Share Purchase Plan will be calculated in accordance with the following formula:

$$X = A - B - C$$

where:

- X = the maximum aggregate number of New Shares in respect of which RSUs may be granted pursuant to the Employee Share Purchase Plan;
- A = the Plan Mandate Limit;
- B = the maximum aggregate number of New Shares that may be allotted and issued by our Company and/or transferred by the trustee upon the vesting of the RSUs already granted pursuant to the Employee Share Purchase Plan; and
- C = the maximum aggregate number of New Shares that may be allotted and issued by our Company and/or transferred by the trustee upon the vesting and/or exercise of any awards already granted pursuant to any other share-based incentive plans of our Company.

New Shares in respect of:

- (a) RSUs which have lapsed or which have been satisfied by the making of a cash payment under the Employee Share Purchase Plan; and
- (b) awards which have lapsed or which have been satisfied by the making of a cash payment under any other share-based incentive plans of our Company will not be counted for the purpose of determining the maximum number of new Award Shares that may be allotted and issued by our Company in respect of RSUs that may be granted pursuant to the Employee Share Purchase Plan.

The Plan Mandate Limit may be renewed (a) every three (3) years subject to prior Shareholders' approval or (b) within a three (3) year period subject to prior Shareholders' approval and with the relevant persons specified in the Listing Rules abstaining from voting on the relevant resolution and in each case subject to the requirements of the Listing Rules, but in any event, the total number of New Shares in respect of which (i) RSUs may be granted pursuant to the Employee Share Purchase Plan and (ii) awards may be granted under any other share-based incentive plans of our Company following the date of approval of the renewed limit ("**New Approval Date**") must not exceed ten (10) % of the Shares in issue as at the New Approval Date. New Shares in respect of which (i) RSUs are granted pursuant to the Employee Share Purchase Plan and (ii) awards are granted under any other share-based incentive plans of our Company (including those outstanding, lapsed, vested or exercised) prior to the New Approval Date will not be counted for the purpose of determining the maximum aggregate number of New Shares in respect of which RSUs may be granted following the New Approval Date under the renewed limit. For the avoidance of doubt, New Shares allotted and issued and/or transferred prior to the New Approval Date pursuant to (i) the vesting of RSUs under the Employee Share Purchase Plan and (ii) the vesting and/or exercise of awards under any other share-based incentive plans of our Company will be counted for the purpose of determining the number of Shares in issue as at the New Approval Date.

Notwithstanding the foregoing, our Company may grant RSUs over New Shares beyond the Plan Mandate Limit to participants if separate Shareholders' approval has been obtained for granting such RSUs or satisfying such Employee Purchase Shares beyond the Plan Mandate Limit to participants specifically identified by our Company before such Shareholders' approval is sought in accordance with the Listing Rules.

In any twelve (12) month period, the maximum number of New Shares issued and/or transferred (and to be issued and/or transferred) upon (i) the vesting of the RSUs granted pursuant to the Employee Share Purchase Plan and (ii) the vesting and/or exercise of awards granted pursuant to any other share-based incentive plans of our Company (excluding any RSUs lapsed in accordance with the terms of the Employee

Share Purchase Plan or awards which have lapsed in accordance with any other share-based incentive plans of our Company) to any participant shall not exceed one (1) % of the Shares in issue for the time being.

Where any further grant of RSUs over New Shares to a participant would result in the breach of the limit set out in the above paragraph, such further grant must be separately approved by Shareholders in general meeting in accordance with the Listing Rules.

(g) *Employee Share Purchase Plan Year*

The Employee Share Purchase Plan operates for a period of twelve (12) months each year or for a shorter period as determined by the Board in its sole and absolute discretion (the “***Employee Share Purchase Plan Year***”). A participant who enrolls to an offer to participate must participate for the full Employee Share Purchase Plan Year.

(h) *Vesting of RSUs*

Subject to other relevant terms and conditions as set out in the Employee Share Purchase Plan and the relevant offer letter, RSUs granted pursuant to the Employee Share Purchase Plan will vest in three (3) years (or as otherwise specified in the offer letter) from the first day of the Employee Share Purchase Plan Year. The vesting date will be the same for all RSUs provisionally allocated, but not yet granted, to award holders in the same Employee Share Purchase Plan Year. The vesting period for RSUs over New Shares granted after the Listing shall not be less than twelve (12) months, except that the vesting period for an employee employed by a member of the Group may be less than twelve (12) months in specific circumstances determined by (i) the compensation committee, where the arrangements relate to RSUs over New Shares to the senior managers of the Group; or (ii) the Board, where the arrangements relate to RSUs over New Shares to an employee employed by a member of the Group. These specific circumstances include but are not limited to grants of RSUs over New Shares:

- (a) to award holders whose employment is terminated due to death, ill health, serious injury, disability or retirement or upon the occurrence of any out of control event, where the vesting of the RSUs may accelerate based on the discretion of the Board (or the compensation committee, as the case may be);
- (b) which could not have been made earlier due to administrative, commercial, compliance, regulatory, legal and/or other reasons and the vesting period will be shortened to put the award holders in the same position as they would have been in had the grant of RSUs been made earlier; and
- (c) with an accelerated vesting schedule such as pursuant to the terms and conditions as set out in the Employee Share Purchase Plan.

The compensation committee and the Board are of the view that:

- (a) a strict twelve (12) month vesting period would not work or be fair to the holders of awards in the specific circumstances listed above;
- (b) a shorter vesting period would allow the Group the flexibility to provide a competitive remuneration package to retain, incentivise, reward, remunerate and/or compensate its eligible persons and reward exceptional performers or in exceptional circumstances where justified; and
- (c) the Group should be allowed discretion to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to apply vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

The compensation committee and the Board are of the view that a vesting period of less than twelve (12) months in the specific circumstances listed above is in line with the requirements under the Listing Rules and market practice, and with the purpose of the Employee Share Purchase Plan.

Prior to the vesting date, Award Shares underlying the RSUs (if any) will be held by the trustee.

No RSUs may vest if such vesting would, in the opinion of the Board, be in breach of the Employee Share Purchase Plan rules, any applicable law, rule or regulation (including the Listing Rules) or the terms and conditions of the RSUs.

Unless otherwise provided in the Employee Share Purchase Plan rules, RSUs will only vest if all applicable conditions to which they are subject have been satisfied (subject to the determination of the number of Award Shares, if any, to be delivered to the award holder in accordance with the satisfaction of the relevant vesting conditions as provided in the offer letter). RSUs granted under the Employee Share Purchase Plan may vest in full or in part, or not vest at all, according to the terms and conditions of the offer letter and the confirmation notices.

No performance targets will be attached to the RSUs under the Employee Share Purchase Plan.

(i) Lock-up period for Employee Purchase Shares

Employee Purchase Shares acquired by award holders under the Employee Share Purchase Plan will be subject to a lock-up period. During the lock-up period, the Employee Purchase Shares will be held by the trustee on behalf of award holders. All Employee Purchase Shares acquired within the same Employee Share Purchase Plan Year will be subject to the same lock-up period.

Unless otherwise specified in the offer letter, the lock-Up period shall expire on the earlier of:

- (a) three (3) years from the first day of the Employee Share Purchase Plan Year (and may be adjusted accordingly at the sole and absolute discretion of the Board if the Employee Share Purchase Plan Year is not for the full calendar year);
- (b) the last day of employment or service of the award holder (for whatever reason) in accordance with the Employee Share Purchase Plan rules; and
- (c) our Company or the trustee acknowledging the receipt of a withdrawal notice issued by the award holder in accordance with the Employee Share Purchase Plan rules.

Award holders may access their Employee Purchase Shares during the lock-up period to which they are subject by issuing a withdrawal notice (in a form to be determined by our Company) to our Company or the trustee. A withdrawal notice must be issued in respect of all (and not part) of the Employee Purchase Shares acquired in that Employee Share Purchase Plan Year (including any subsequent Employee Purchase Shares acquired using the dividends of the original Employee Purchase Shares). If a withdrawal notice is issued by an award holder before the vesting date of the matching RSUs granted in that Employee Share Purchase Plan Year, all such RSUs shall immediately lapse and be forfeited. For the avoidance of doubt, this will not affect the matching RSUs granted in any other Employee Share Purchase Plan Year (if any) provided that the relevant Employee Purchase Shares in respect of that Employee Share Purchase Plan Year have not been withdrawn during the lock-up period to which they are subject by the participant. Employee Purchase Shares which are subject to a withdrawal notice will become freely transferable and the restrictions on transferability will cease to apply once our Company or the trustee acknowledges receipt of the withdrawal notice.

A withdrawal notice may only be issued during the enrolment period each year.

No performance targets will be attached to the Employee Purchase Shares under the Employee Share Purchase Plan.

(j) *Lapse of awards*

In addition to other provisions of the Employee Share Purchase Plan any RSUs granted in respect of an Employee Share Purchase Plan Year will automatically lapse and become null and void on the earlier of:

- (a) the failure to satisfy the relevant vesting conditions applicable to the RSUs; and

- (b) (whether the RSUs have been vested or not) the award holder failing to obtain all necessary consents or make all necessary registrations within 20 business days after the date of any notice by the Board to the award holder requesting proof that such consents and registrations have been obtained or made.

Within one (1) month of the vesting date, the Board may provide a notice to the award holder confirming the number of Award Shares (if any) that will be delivered pursuant to the vesting of the RSUs in accordance with the terms and conditions of the offer letter, the confirmation notices and the Employee Share Purchase Plan.

If the award holder gives or receives notice to terminate his employment or service with an Employee Share Purchase Plan Employer before the vesting date due to ill health, serious injury or disability, or retirement, or ceases to be an eligible person due to death:

- (a) the RSUs shall continue to vest in accordance with the vesting date(s), unless otherwise determined by the Board. The Board may determine whether any changes shall apply to the terms and conditions of any unvested portion of the RSUs, and if so, what those changes are; and
- (b) the Employee Purchase Shares will become freely transferable and the restrictions on transferability referred to below will cease to apply on the last day of the award holder's employment or service with an Employee Share Purchase Plan Employer. Our Company will procure the trustee to deliver the relevant number of Employee Purchase Shares to the award holder (or his personal representative, as the case may be) within one (1) month of the last day of his employment or service with an Employee Share Purchase Plan Employer.

If the award holder gives or receives notice to terminate his employment or service with an Employee Share Purchase Plan Employer before the vesting date for any reason other than those specified above (for the avoidance of doubt, including but not limited to resignation, misconduct, redundancy and any other circumstances), or if the award holder was employed or engaged by a member of the Group but transfers to any member of the PCG Group or to a Related Entity before the vesting date:

- (a) the RSUs will lapse in their entirety on the date that the award holder gives or receives notice to terminate his employment or service with an Employee Share Purchase Plan Employer, unless otherwise determined by the Board; and
- (b) the Employee Purchase Shares will become freely transferable and the restrictions on transferability referred to below will cease to apply on the last day of the award holder's employment or service with an Employee Share Purchase Plan Employer. Our Company will procure the trustee to deliver the

relevant number of Employee Purchase Shares to the award holder within one (1) month of the last day of his employment or service with an Employee Share Purchase Plan Employer.

Where the award holder was employed or engaged by a member of the Group but transfers to any member of the PCG Group or to a Related Entity before the vesting date, in exceptional circumstances as determined by the Board, the Board may decide that:

- (a) (where such transfer occurs during the Employee Share Purchase Plan Year) the acquisition of Employee Purchase Shares and the provisional allocation of matching RSUs will immediately stop, although any provisionally allocated RSUs will still be granted at the end of the Employee Share Purchase Plan Year and will vest on the vesting date (provided that the Employee Purchase Shares will remain under the lock-up period); and
- (b) (where such transfer occurs after the Employee Share Purchase Plan Year) any unvested RSUs may continue to vest (provided that the relevant Employee Purchase Shares will remain under the lock-up period).

For the avoidance of doubt, a determination by the Board to the effect that any of the circumstances above has occurred will be conclusive and binding on the person. References to the Board in this section excludes the compensation committee, unless otherwise directly instructed, authorised or approved by the Board or as required by applicable laws and regulations (including the Listing Rules).

(k) *Rights of award holders*

An award holder cannot vote or receive dividends and does not have any rights of a Shareholder in respect of RSUs until the Award Shares are delivered to the award holder upon the vesting of the RSUs.

An award holder cannot vote in respect of the Employee Purchase Shares until the expiry of the lock-up period and the relevant Employee Purchase Shares have been delivered to the award holder. Dividends paid on the Employee Purchase Shares during the lock-up period will be used to acquire additional Employee Purchase Shares.

Upon the payment of dividends on the Employee Purchase Shares, such amounts will be used to acquire additional Employee Purchase Shares on behalf of the award holders by the trustee purchasing Shares on- and off-market or by our Company allotting and issuing Shares to the trustee. The allotment and issue of additional Employee Purchase Shares may involve issuance of new Shares under the Plan Mandate Limit. Employee Purchase Shares acquired with dividends will be acquired in the same way as disclosed in the sub-section headed “*Employee Purchase Shares and Award Shares – Source of Shares*” in this section. Additional Employee Purchase Shares

which are acquired with dividends will have the same terms and conditions (including the same lock-up period) as the original Employee Purchase Shares on which the dividends were paid. Additional Employee Purchase Shares which are purchased with dividends will not be matched with further RSUs by our Company.

(l) Transferability of Employee Purchase Shares and RSUs

RSUs will be personal to the award holder and the award holder may not sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or otherwise dispose of any of his RSUs or purport to do any of the foregoing. If an award holder does, whether voluntarily or involuntarily, any of the foregoing without the prior written consent of the Board, such RSUs will immediately and automatically lapse.

Where permitted by applicable laws and regulations (including the Listing Rules and subject to the Stock Exchange's approval, RSUs and Employee Purchase Shares may be transferred to a vehicle (such as a trust or a private company) for the benefit of the award holder and any family members of such award holder that would continue to meet the purpose of the Employee Share Purchase Plan.

Prior to the expiry of the lock-up period, except with the prior written consent of the Board, an award holder may not sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or otherwise dispose of any of his Employee Purchase Shares or purport to do any of the foregoing. If an award holder does, whether voluntarily or involuntarily, any of the foregoing without the prior written consent of the Board, any unvested RSUs granted pursuant to the Employee Share Purchase Plan will immediately and automatically lapse.

(m) Malus and clawback

If circumstances occur which, in the reasonable opinion of the Board, justify a reduction to the RSUs, the Board may in its discretion at any time before the RSUs are vested determine that the number of Award Shares in respect of which the RSUs are granted shall be reduced to such number (including to nil) as the Board considers appropriate in the circumstances.

If circumstances occur which, in the reasonable opinion of the Board, justify a reduction in respect of the Award Shares that have already been delivered then the Board may in its discretion determine (acting fairly and reasonably) that the award holder should repay to our Company (whether by redemption or repurchase of relevant Award Shares, payment of cash proceeds or deductions from or set offs against any amounts owed to the award holder by an Employee Share Purchase Plan Employer) an amount equal to the benefit, calculated on an after-tax basis, that the award holder received, provided that the Board may, at its discretion, determine that a lesser amount should be repaid. Each award holder shall be deemed to undertake, as a condition of

participation in the Employee Share Purchase Plan, to do all things necessary to complete the redemption or repurchase of relevant Award Shares or pay cash in order to comply with the malus and clawback provisions and to expressly authorise deductions from or set offs against any amounts owed to the award holder by an Employee Share Purchase Plan Employer.

The circumstances in which the Board may consider that it is appropriate to exercise its discretion under the above paragraphs, may, without limitation, include the following:

- (a) a material misstatement or restatement in the audited financial accounts of any Employee Share Purchase Plan Employer (other than as a result of a change in accounting practice);
- (b) the negligence, fraud or serious misconduct of an award holder which results in or is reasonably likely to result in:
 - (i) significant reputational damage to any Employee Share Purchase Plan Employer (or to a relevant business unit of any Employee Share Purchase Plan Employer);
 - (ii) a material adverse effect on the financial position of any Employee Share Purchase Plan Employer (or to a relevant business unit of any Employee Share Purchase Plan Employer); or
 - (iii) a material adverse effect on the business opportunities and prospects for sustained performance or profitability of any Employee Share Purchase Plan Employer (or to a relevant business unit of any Employee Share Purchase Plan Employer); or
- (c) the award holder being employed or engaged by any Employee Share Purchase Plan Employer (or the relevant unit of any Employee Share Purchase Plan Employer) that suffers:
 - (i) significant reputational damage;
 - (ii) a material adverse effect on its financial position; or
 - (iii) a material adverse effect on its business opportunities and prospects for sustained performance or profitability.

If any events justifying a reduction to awards or delivered Shares occur, the Company would not consider it in the Company's or Shareholders' best interests to incentivise them with proprietary interests of the Company, nor would the Company consider such grantees benefiting under the Employee Share Purchase Plan to align with the purpose of this scheme.

(n) *Reorganisation of capital structure*

In the event of an alteration in the capital structure of our Company by way of a capitalisation of profits or reserves, bonus issue, rights issue, subdivision or consolidation of Shares or reduction of the share capital of our Company in accordance with applicable laws and the Listing Rules (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company or any of our subsidiaries is a party or in connection with any share option, restricted share or other share-based incentive plans of our Company) whilst any Employee Purchase Shares or Award Shares have not been delivered, the Board may adjust the nominal value or number of (i) Employee Purchase Shares; (ii) Award Shares underlying the RSUs; and/or, only in the event of share subdivision or consolidation, the (iii) Plan Mandate Limit as it, in its absolute discretion, thinks fit. In respect of any such adjustments, our Company's auditors or an independent financial adviser to our Company (as the case may be) must confirm to the Board in writing that the adjustments are in their opinion fair and reasonable. For the avoidance of doubt, where a subdivision or consolidation of Shares takes place after the Plan Mandate Limit has been approved following the Listing, the Plan Mandate Limit may be adjusted following the Listing accordingly in accordance with the Listing Rules.

(o) *Corporate events*

In the event of the following events taking place prior to the vesting date of any RSU:

- (i) a general offer (other than by way of scheme of arrangement pursuant to sub-paragraph (iii) below) which is made by any person to acquire all the Shares (other than those already owned by the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional prior to the vesting of the RSUs; or
- (ii) an offer by way of proposed merger or amalgamation or otherwise (other than by way of scheme of arrangement pursuant to sub-paragraph (iii) below) which is made by any person to acquire all the Shares (other than those already owned by the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such

offer being accepted by the requisite Shareholder vote or notified to Shareholders by delivery of the final plan of merger (as the case may be) prior to the vesting of the RSUs; or

- (iii) an offer by any person for all the Shares (other than those already owned by the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) to be effected by way of scheme of arrangement is made and which is approved by the necessary number of Shareholders at the requisite meeting(s) prior to the vesting of the RSUs; or
- (iv) a compromise or arrangement (other than a scheme of arrangement contemplated in sub-paragraph (iii) above) between our Company and the Shareholders and/or the creditors of our Company is proposed for the purposes of or in connection with a plan for the reconstruction of our Company or its amalgamation with any other company or companies prior to the vesting of the RSUs,

the Board shall, subject as provided below and (1) (in the case of sub-paragraph (i) above) prior to the offer becoming or being declared unconditional, (2) (in the case of sub-paragraph (ii) above) prior to the date of Shareholder approval or delivery of the plan of merger to Shareholders (as the case may be) or (3) (in the case of sub-paragraphs (iii) and (iv) above) prior to the date of the relevant meeting(s), determine in its absolute discretion whether any RSUs which have not yet vested shall vest and whether the lock-up period shall immediately expire. To the extent that any RSUs do not vest, such RSUs shall lapse automatically on (in the case of sub-paragraph (i) above) the date on which the offer closes; (in the case of sub-paragraph (ii) above) the date of the Shareholder meeting or delivery of the plan of merger to Shareholders (as the case may be); (in the case of sub-paragraph (iii) above) the record date for determining entitlements under the scheme of arrangement; and (in the case of sub-paragraph (iv) above) on the date of the meeting of Shareholders or creditors. The vesting period for any RSU shall not be less than twelve (12) months. Only RSUs granted to employee participants may be subject to a shorter vesting period under the specific circumstances as set out in the sub-section headed “*Employee Share Purchase Plan – Vesting of RSUs*” in this section.

In the event a notice is given by our Company to the Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company prior to the vesting any RSUs, our Company shall give notice thereof to all the award holders on the same day as it despatches to the Shareholders the notice convening the meeting. Notwithstanding any other terms on which the RSUs were granted, the RSUs shall vest in accordance with the following paragraph and the lock-up period shall immediately expire. Our Company shall as soon as possible and in any event no later than two (2) business days

immediately prior to the date of the proposed general meeting, procure the delivery of the relevant number of Employee Purchase Shares (if not yet delivered) and Award Shares to the award holder or procure that a cash payment be made to the award holder in lieu of Award Shares.

The number of Award Shares in respect of which any RSUs vest pursuant to the paragraphs above (if any) and the period during which such vesting may take place shall be determined by the Board in its absolute discretion by reference to factors which may include (a) the extent to which any vesting or other conditions to vesting have been satisfied as at the relevant event and (b) the proportion of the period from the date of offer to the commencement of the normal vesting date that has elapsed as at the relevant event. For the avoidance of doubt, in exercising such discretion following Listing, the Board shall comply with the relevant requirements of the Listing Rules. The balance of any RSUs that are determined by the Board not to vest shall lapse.

(p) *Cancellation of RSUs*

The Board may at any time with the consent of and on such terms as may be agreed with the award holder cancel any RSUs (or part thereof) provisionally allocated but which have not yet been granted or any RSUs granted to the award holder which have not yet vested and offer the award holder new RSUs of an equivalent value in our Company under the Employee Share Purchase Plan or another company including pursuant to a different equity incentive plan (as applicable). Where our Company cancels RSUs and offers new RSUs under the Employee Share Purchase Plan to the same award holder, the offer of such new RSUs may only be made with available Award Shares to the extent not yet granted within the limits approved by Shareholders. The cancelled RSUs cannot be added back to replenish the Plan Mandate Limit.

(q) *Amendments to the Employee Share Purchase Plan Rules and the terms of RSUs*

After the Employee Share Purchase Plan comes into effect, which will be after the Listing takes place, any amendments:

- (i) to the terms and conditions of the Employee Share Purchase Plan which are of a material nature;
- (ii) to the terms and conditions of the Employee Share Purchase Plan which relate to the matters set out in Rule 17.03 of the Listing Rules and which are to the advantage of the award holders; and
- (iii) to the authority of the Board or the trustee in relation to any alteration to the terms and conditions of the Employee Share Purchase Plan,

must be made with the prior approval of Shareholders in general meeting. In respect of (i) above, the Board's determination as to whether any proposed amendment to the terms and conditions of the Employee Share Purchase Plan is material shall be conclusive. The Board may make any other amendments to the terms and conditions of the Employee Share Purchase Plan at any time, provided that no amendment of Employee Share Purchase Plan will operate to affect adversely any right which any award holder has accrued prior to the effective date of such amendment, save to the extent any such amendment is made to cause the Employee Share Purchase Plan to comply with applicable laws, rules or regulations. Our Company is not required to obtain the prior consent of the award holder in respect of any amendments to the terms and conditions of the Employee Share Purchase Plan which are to comply with applicable laws, rules or regulations or to correct a manifest error.

Any amendments to the terms and conditions of any RSUs must be approved by the Board, compensation committee and/or the Shareholders (as the case may be) if the initial grant of the RSUs was approved by the Board, compensation committee and/or the Shareholders (as the case may be), save where the amendments take effect automatically under the terms and conditions of the Employee Share Purchase Plan, the offer letters or the confirmation notices. For the avoidance of doubt, our Company is not required to obtain the prior consent of the award holder in respect of any changes to the terms and conditions of RSUs which are to comply with applicable laws, rules or regulations or to correct a manifest error.

The amended terms and conditions of the Employee Share Purchase Plan and the RSUs shall comply with the Listing Rules, including in particular Chapter 17 of the Listing Rules (if such changes take place after the Listing), and all applicable laws, rules and regulations.

E. OTHER INFORMATION

1. Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group in Hong Kong and the Cayman Islands.

2. The Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to Phase 3 of the Reorganisation, the satisfaction of certain Pre-IPO Awards of relevant Directors and a former director and the Global Offering (and any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and pursuant to the Pre-IPO Awards Shares Issuance).

Each of the Joint Sponsors confirms that it satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate fee of US\$250,000 for acting as the sponsors for the Listing.

3. Registration Procedures

The register of members of our Company will be maintained in the Cayman Islands by Walkers Corporate Limited and a Hong Kong register of members of our Company will be maintained in Hong Kong by the Hong Kong Share Registrar. Save where the Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's branch share register in Hong Kong and may not be lodged in the Cayman Islands.

4. Preliminary Expenses

Our Company did not incur any material preliminary expenses for the purpose of the Listing Rules.

5. Promoter

Our Company does not have any promoter. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefits have been paid, allotted or given to the promoters in connection with the Global Offering or the related transactions described in this prospectus.

6. Corporate Reorganisation

Our Group underwent the Reorganisation in preparation for the Listing. Please refer to the paragraph headed "*History, Reorganisation and Corporate Structure – Reorganisation*" for further details.

7. Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this prospectus are as follows:

Name of Expert	Qualifications
Morgan Stanley Asia Limited	Licensed corporation under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Goldman Sachs (Asia) L.L.C.	Licensed corporation under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Walkers (Hong Kong)	Legal advisers as to Cayman Islands laws
Conyers Dill & Pearman	Legal advisers as to Bermuda laws
Ginting & Reksodiputro in association with A&O Shearman	Legal advisers as to Indonesian laws
Mori Hamada & Matsumoto	Legal advisers as to Japanese laws
MdME	Legal advisers as to Macau laws
Rahmat Lim & Partners	Legal advisers as to Malaysian laws
Nisce Mamuric Guinto and Alcantara Law Offices	Legal advisers as to Philippine laws
Rajah & Tann Singapore LLP	Legal advisers as to Singapore laws
Baker & McKenzie Ltd.	Legal advisers as to Thai laws
LNT & Partners	Legal advisers as to Vietnam laws

Name of Expert	Qualifications
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Milliman Limited	Actuarial Consultant
N.M.G. Financial Services Consulting Limited	Industry Consultant

Each of the above experts has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which they respectively appear.

8. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

9. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Miscellaneous

- (a) Within the two years preceding the date of this prospectus:
 - (i) save as disclosed in this prospectus, no share or loan capital of our Company or any of its Principal Subsidiaries has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
- (b) No share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

- (c) No founder, management or deferred shares of our Company or any of its subsidiaries have been issued or have been agreed to be issued.
- (d) None of the equity and debt securities of our Company is listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought. No listing document has been issued by our Company in the two years preceding the date of this prospectus.
- (e) Our Company has no outstanding convertible debt securities or debentures.
- (f) There is no arrangement under which future dividends are waived or agreed to be waived
- (g) None of the experts named in “*Qualifications and Consents of Experts*” above:
 - (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group save in connection with the Underwriting Agreements.
- (h) The English text of this prospectus shall prevail over their respective Chinese text.
- (i) There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in “*Appendix V – Statutory and General Information – Further Information About the Business – Summary of Material Contracts;*” and
- (b) the written consents referred to in “*Appendix V – Statutory and General Information – Other Information – Qualifications and Consents of Experts.*”

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.fwd.com up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles of Association;
- (b) the Accountants’ Report and the report on the unaudited pro forma financial information prepared by Ernst & Young, the texts of which are set out in Appendix I and Appendix II, respectively;
- (c) the Actuarial Consultant’s Report from Milliman, the text of which is set out in “*Appendix III – Actuarial Consultant’s Report;*”
- (d) the letter from Walkers (Hong Kong), our Company’s Cayman legal advisor, summarising the salient provisions of the laws of the Cayman Islands referred to in “*Appendix IV – Summary of the Constitution of our Company and Cayman Islands Company Law;*”
- (e) the Cayman Companies Act;
- (f) the letters of appointment referred to in “*Appendix V – Statutory and General Information – C. Further Information About the Directors – 2. Particulars of Letters of Appointment;*”

- (g) the material contracts referred to in “*Appendix V – Statutory and General Information – Further Information About the Business – Summary of Material Contracts;*”
- (h) the written consents referred to in “*Appendix V – Statutory and General Information – Other Information – Qualifications and Consents of Experts;*”
- (i) the reports prepared by our Company’s legal advisers as to Bermuda, Cayman Islands, Indonesian, Japanese, Macau, Malaysia, Philippine, Singapore, Thai and Vietnam laws in respect of the Listing;
- (j) the rules of the Equity Incentive Plans; and
- (k) the NMG Report.

