

## RISK FACTORS

*An [REDACTED] in the Shares involves a high degree of risk. Prospective [REDACTED] should carefully consider the following risk factors, together with all the other information contained in this document, before deciding whether to [REDACTED] 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 [REDACTED] of the Shares could fall significantly due to any of these events or risks, or such additional risks and you may lose your [REDACTED]. 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 document, 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 document, 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 document, 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 replaced the underlying regulation governing the distribution of insurance products with OJK Regulation No. 8 of 2024, which took effect on 29 October 2024 and introduced a revised approval requirement for new insurance products.

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.



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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 [REDACTED] 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 [REDACTED]. See “*Financial Information – Basis of Presentation – Acquisitions, Investments and Discontinued Businesses*” and “*History, Reorganisation and Corporate Structure – Business Milestones*” in this document for further details. To enable [REDACTED] to evaluate our results and performance as a combined group, we have prepared and presented in this document consolidated financial statements included in the Accountants’ Report set forth in Appendix I to this document, 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 [REDACTED], 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 document are based on a number of assumptions and methodologies and may vary significantly as those assumptions or methodologies change.**

We have included in this document data such as Group EV, APE, VNB and adjusted net UFGS, which are also included in the Actuarial Consultant’s Report set forth in Appendix III to this document. 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 document 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 document 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 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.

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**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 document 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.

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

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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 [REDACTED], 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 [REDACTED], 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
- 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.

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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 margin enhancement. 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 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.



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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 local regulators and may also be subject to other legal and regulatory restrictions, including

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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 contractual arrangements 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 significant 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 [REDACTED] 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 [REDACTED] 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. The higher net loss in 2023 was mainly due to (i) adverse capital market movements, and (ii) investment losses on disposal of financial investments related to the Athene Reinsurance transaction in Japan, which accounted for US\$505 million of the loss before tax. In 2024, we recorded a net profit of US\$10 million and a net profit attributable to Equity Holders of the Company (non-IFRS measure) of US\$24

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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 HKIA has yet to propose any insurance-specific regulations on sustainability and climate, it

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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 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.

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**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 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.

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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 customers and thereby reduced our offshore policy contracts. For further details, see “*Summary – Historical Impact of the COVID-19 Pandemic.*” 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.



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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 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

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## RISK FACTORS

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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 [REDACTED] 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 [REDACTED] 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 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.

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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 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 [REDACTED]. However, there is

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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 [REDACTED] or continue to [REDACTED], 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.*”

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

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*“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 [REDACTED], 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 [REDACTED] we receive from the [REDACTED]. 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.

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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, [REDACTED] 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 [REDACTED], 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 [REDACTED] of the [REDACTED], 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 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,



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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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## RISK FACTORS

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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 [REDACTED] (including shortly after the Latest Practicable Date) or shortly after the completion of the [REDACTED] 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.

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**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 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 2024. 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 [REDACTED] 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.

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## RISK FACTORS

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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.

**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.

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## RISK FACTORS

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### **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 and may continue to be volatile in 2025. 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.

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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 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.



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## RISK FACTORS

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**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 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.

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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.

**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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## RISK FACTORS

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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 document. The 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

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## RISK FACTORS

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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, 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.

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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 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.

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### 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, 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.



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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 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

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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 33 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.

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.

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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 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.

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**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.

**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.

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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 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.

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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.

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 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.



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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 is in the process of legislating the Pillar Two model rules. 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.

**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.

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### 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 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

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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.*”

**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

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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 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 [REDACTED] 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

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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 [REDACTED]. 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 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.

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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 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



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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.

### 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

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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 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 – Digital Commerce Channel*" and "*Business – Our Growth Strategies – Optimise Customer Experience and Boost Operating Leverage through Continued Investment in Digitalisation*" for further details.

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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.

**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.

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**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 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

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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 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.

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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 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,



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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 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

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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 [REDACTED]. For further details, see *“History, Reorganisation and Corporate Structure – Reorganisation.”*

Athene, one of our [REDACTED] 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 [REDACTED] 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 – [REDACTED] 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, [REDACTED] 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 [REDACTED] for the Shares as part of a sale of our Company and may significantly reduce the [REDACTED] and [REDACTED] of the Shares.

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**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 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 [REDACTED]. 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 [REDACTED]**

**Because we do not expect to pay cash dividends in the foreseeable future after the [REDACTED], you may not receive any return on your [REDACTED] unless you [REDACTED] your Shares for a [REDACTED] 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 [REDACTED] of the Shares may be negatively affected and the value of any investment in the

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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 [REDACTED] in the Shares will likely depend entirely upon any future [REDACTED] appreciation of the Shares. There is no guarantee that the Shares will appreciate in value after the [REDACTED] or even maintain the [REDACTED]. You may not realise a return on [REDACTED] in the Shares and you may even lose [REDACTED] in the Shares.

**The [REDACTED] of the Shares may experience volatility, which could result in substantial losses to [REDACTED].**

The [REDACTED] 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 document, may have a significant impact on the [REDACTED] 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 [REDACTED];
- 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;

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## RISK FACTORS

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- 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;
- 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 [REDACTED].

**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 [REDACTED] Awards granted under the Share Option and RSU Plan vest or are exercised prior to the [REDACTED], 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 [REDACTED], the [REDACTED] Awards granted under the Share Option and RSU Plan will be satisfied by Management Shares. The Management Shares will be converted into Shares upon [REDACTED]. To the extent any of these outstanding awards are to be satisfied upon or after the [REDACTED], such awards will be satisfied with Shares. As of the Latest Practicable

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Date, the number of Shares underlying the outstanding share-based awards (in the form of RSUs and options) granted was 73,846,185<sup>1</sup>. No further grants of share-based awards will be made by FL and FGL under the Share Option and RSU Plan after the [REDACTED].

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, no share-based awards have been granted under the Share Award Plan and the Employee Share Purchase Plan].

The outstanding [REDACTED][REDACTED] awards represent up to, in aggregate, approximately [REDACTED] Shares<sup>1</sup> and [REDACTED]% of our issued share capital immediately following the completion of the [REDACTED].

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 [REDACTED] of the Shares. For details, please refer to “Appendix V – Statutory and General Information – D. Equity Incentive Plans” to this document.

**Substantial future [REDACTED] or perceived potential [REDACTED] of the Shares in the [REDACTED] could cause the [REDACTED] of the Shares to [REDACTED].**

[REDACTED] of substantial amounts of Shares in [REDACTED] after the completion of the [REDACTED], or the perception that these [REDACTED] could occur, could adversely affect the [REDACTED] of our Shares. Although our Controlling Shareholders, [[REDACTED] Investors, directors and employees] are subject to restrictions on their [REDACTED] of Shares after [REDACTED] (see the “[REDACTED]” and “History, Reorganisation and Corporate Structure – Major Shareholding Changes of our Company – [REDACTED] Investments” sections), future [REDACTED] of a significant number of our Shares by our

<sup>1</sup> The number of Shares disclosed here (and the percentage of our issued share capital) underlying the [REDACTED] Awards immediately following the completion of the [REDACTED], is calculated based on the [REDACTED] to show the maximum dilution impact. The actual number of Shares to be issued pursuant to the [REDACTED], being the final maximum number of Shares to be allotted and issued and/or transferred in accordance with the terms of the [REDACTED] Awards after the [REDACTED] and calculated pursuant to the actual [REDACTED], will be disclosed in the allotment results announcement.



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Controlling Shareholders, [REDACTED] Investors, directors or employees [REDACTED] after the [REDACTED], or the perception that these [REDACTED] could occur, could cause the [REDACTED] of our Shares to [REDACTED] and could materially impair our future ability to raise capital through [REDACTED] of our Shares. We cannot assure you that our Controlling Shareholders, [REDACTED] 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 [REDACTED] 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 [REDACTED] of Shares by our Controlling Shareholders, [REDACTED] Investors, directors and employees, or the availability of Shares for [REDACTED] by our Controlling Shareholders, [REDACTED] Investors, directors and employees, or the [REDACTED] of Shares by our Company may have on the [REDACTED] of the Shares. [REDACTED] or [REDACTED] of a substantial amount of Shares by our Controlling Shareholders, [REDACTED] Investors, directors, employees or us, (as the case may be) or the [REDACTED] perception that such [REDACTED] or [REDACTED] may occur, could materially and adversely affect the prevailing [REDACTED] of the Shares.

### GENERAL RISK FACTORS

**Certain facts and other statistics in this document 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 document 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 document, 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 [REDACTED] or any of our, the Controlling Shareholders' or the [REDACTED], directors, officers, representatives or any other person involved in the [REDACTED]. 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 [REDACTED] nor any of our, the Controlling Shareholders' or the [REDACTED], directors, officers or representatives nor any other person involved in the [REDACTED], 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 [REDACTED] in the Shares. You should carefully consider the importance placed on such information or statistics.