## A. REGULATORY OVERVIEW

*The following is a brief summary of the key laws and regulations applicable to our operations in Hong Kong (and Macau), Thailand, Japan, the Philippines, Indonesia, Singapore, Vietnam and Malaysia, Bermuda and the Cayman Islands that currently may materially affect the Group and its operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to the Group. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of the Group and/or which may be important to potential investors. Investors should note that the following summary is based on the laws and regulations in force as at the date of this document, which may be subject to change.*

*New laws and regulations applicable to our Group and its operations may be introduced or become effective in the future, and their impact on the Group may continue to evolve. The Group and the Directors continuously monitor potential and future regulatory changes in the ordinary course, to examine their impact on the Group and to ensure that the Group is able to comply with such changes when they are implemented.*

### Laws and Regulations Relating to the Group's Business and Operations in Hong Kong

#### *Overview*

The main source of statutory regulation of the insurance industry in Hong Kong is the Insurance Ordinance (the "**IO**") and its subsidiary legislation, which set out requirements for the licensing, ongoing compliance and reporting obligations of insurers and insurance intermediaries.

The HKIA is the statutory body which administers the IO. The principal function of the HKIA is to regulate and supervise the insurance industry for the promotion of the general stability of the industry and for the protection of existing and potential policyholders. The HKIA regulates the Hong Kong authorised insurers. In addition to regulation by the HKIA, the Hong Kong authorised insurers are members of the Hong Kong Federation of Insurers ("**HKFI**"), an industry body that has issued a code of practice that is binding on its members in relation to, among other things, the management of insurance agents and advising and selling practices.

The HKIA designated FWD Management Holdings as the designated insurance holding company of the Group on 14 May 2021, following which the Group has become subject to additional capital, solvency, regulatory reporting, public disclosure and intervention measures as may be imposed under the GWS framework. See "*– Framework for group-wide supervision of certain insurance groups*" in this section.

Certain types of products and services offered by the Group in Hong Kong are regulated under separate statutory regimes by regulatory bodies other than the HKIA. These include products and services regulated under the Mandatory Provident Fund Schemes

Ordinance ("**MPFSO**"), administered by the Mandatory Provident Fund Schemes Authority ("**MPFA**"), and the Hong Kong Securities and Futures Ordinance ("**SFO**"), administered by the Securities and Futures Commission ("**SFC**"). See "*– Regulation under the MPFSO*," "*– Regulation under the SFO*" and "*– Publicly offered investment products*" in this section.

***Licences held by FWD in Hong Kong***

The Group is authorised to carry on insurance business in Hong Kong through its subsidiaries that are Hong Kong authorised insurers. The Hong Kong authorised insurers are authorised to carry on certain classes of long-term business in or from Hong Kong. In addition, FWD Financial Planning is a licensed insurance broker and FWD Financial Limited is a licensed insurance agency. In relation to the Group's MPFSO retirement scheme business in Hong Kong, FWD Life (Bermuda) and FWD Financial Planning are registered MPFSO principal intermediaries. FWD Financial Planning is a licensed corporation under the SFO, in relation to dealing in securities and advising on securities. In addition, FWD Life (Bermuda) and FWD Life (Hong Kong) are the issuers of investment-linked assurance schemes authorised by the SFC.

***Authorisation for an insurance business under the IO***

Companies carrying on an insurance business in or from Hong Kong must obtain authorisation from the HKIA. Authorisation will be granted only to insurers meeting certain requirements set out in section 8 of the IO, which focuses on, among other things: (i) paid-up capital; (ii) solvency margin; (iii) fitness and properness of directors and controllers; and (iv) adequacy of reinsurance arrangements.

Other requirements that the HKIA will take into account when considering whether to authorise an insurer are specified in guidelines issued by the HKIA from time to time. The requirements for authorisation are ongoing and continue to apply to an insurer after becoming authorised.

The Insurance (Amendment) Ordinance 2023 came into operation on 1 July 2024 (the "**Amendment Ordinance**"). Section 3B of the IO, as amended by the Amendment Ordinance (the "**Amended IO**"), empowers HKIA to designate a non-Hong Kong insurer as a designated insurer. HKIA considers FWD Life (Bermuda) carries on a majority of its insurance business in or from Hong Kong. In a letter issued by HKIA to FWD Life (Bermuda) on 10 May 2024, FWD Life (Bermuda) was designated by HKIA as a designated insurer with effect from 1 July 2024.

As FWD Life (Bermuda) has become a designated insurer, the separate account and fund requirements are to be determined based on the entire legal entity in accordance with sections 21B(2) and (3) and 25AA(2) of the Amended IO. FWD Life (Bermuda) is required to obtain approval from HKIA before a person may become a shareholder controller or a director. In addition, the scope of responsibility of controllers and key person in control functions and appointed actuaries would be expanded to cover the business of FWD Life (Bermuda) as a whole, rather than merely relating to the business in Hong Kong operations. To provide a smooth transition for the designation, persons who were the controllers, shareholder controllers, directors, key person in control functions and appointed actuaries immediately prior to the designation took effect continued to assume their respective positions in FWD Life (Bermuda) and their appointments were taken as approved by HKIA on 1 July 2024.

***The RBC regime and capital requirements***

Pursuant to the introduction of the Amended IO and its subsidiary legislation, on 1 July 2024, a RBC regime commenced for authorised insurers in Hong Kong. The RBC regime in Hong Kong replaced a rule-based regime with a risk-based approach aligned with international regulatory requirements. The main provisions of the Amendment Ordinance are the amendments to IO made for implementing the RBC regime, which include providing the legal basis for implementing the Pillar 1 and Pillar 3 requirements under the RBC regime and empowering HKIA to prescribe the detailed requirements by way of subsidiary legislation. Under the RBC regime, an insurer's capital adequacy is assessed with reference to the risk profile of the underwritten business of the insurer. Each of FWD Life (Bermuda), FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong) adopted the RBC regime early in 2022 prior to its commencement.

Pursuant to sections 8(3)(a) and 8(3)(b) of the Amended IO, an insurer carrying on long-term business and general business must comply with the capital requirements imposed by the HKIA on the insurer and that, having regard to the nature and scale of the insurer's operation, the insurer must have adequate capital to enable its continued compliance with the capital requirements for the insurer. Pursuant to sections 10(2) and 129(1) of the Amended IO, the HKIA has made the Insurance (Valuation and Capital) Rules (the "**Valuation and Capital Rules**"), which came into effect on 1 July 2024. Pursuant to section 5 of the Valuation and Capital Rules, an insurer must ensure that at all times, its capital base is not less than each of:

(i) the prescribed capital amount of the insurer as determined in accordance with Part 5 of the Valuation and Capital Rules;

(ii) the minimum capital amount of the insurer, which is 50% of the prescribed capital amount calculated in paragraph (i) above; and

(iii) HK$20 million,

subject to any variation or relaxation of such requirements by the HKIA pursuant to sections 10(3) or 130(1) of the Amended IO.

Pursuant to section 35AA of the Amended IO, if the HKIA is of the opinion that the insurer's amount of capital and minimum capital amount are less than the prescribed amounts under the Valuation and Capital Rules, the HKIA may, by written notice served on the insurer, require the insurer to submit a proposed restoration plan or financial scheme to the HKIA for approval and to give effect to such plan or scheme upon the HKIA's approval of such plan or scheme.

See *"Risk Factors – Risks Relating to our Business – New solvency standards may affect our capital position"*.

***Fit and proper directors and controllers***

Section 8(2) of the IO provides that the HKIA must not authorise an applicant company as an insurer if it appears to the HKIA that any person who is a director or controller of the company is not a fit and proper person to hold such position. Section 9 of the IO defines an insurer's controllers as including, among others, a managing director of the insurer or its holding company, a chief executive officer of the insurer or its holding company (if the holding company is also an insurer), a person in accordance with whose directions or instructions the directors of the insurer or its corporate parent are accustomed to act or who, alone or with any associate or through a nominee, is entitled to exercise, or control the exercise of, 15% or more of the voting power at any general meeting of the insurer or its holding company.

After obtaining authorisation, an insurer is required to comply with sections 13A, 13AC, 13AE, 13B, 14, 15AAAB and 15B of the Amended IO in respect of any appointments of, or changes in, its controllers, shareholder controllers, directors, key persons in control functions and if the insurer carries on long-term business, appointed actuary. Matters under these provisions of the Amended IO require the HKIA's approval.

Pursuant to section 14A of the Amended IO, the HKIA must have regard to specified matters in determining whether a person is a fit and proper person for the purposes of sections 8, 8A, 13A, 13AC, 13AE, 13B, 13BA, 14, 15AAAB and 15AABA of the Amended IO. In addition, the HKIA has issued a guideline which sets out the minimum standards of suitability that are applicable to certain persons occupying specific positions in relation to an authorised insurer and the general guiding principles of the HKIA in assessing fitness and properness. The factors that the HKIA will have regard to include the individuals' financial status, character, reputation, integrity, reliability, education, qualifications and experience regarding the functions to be performed by such director or controller and ability to perform such functions competently, efficiently, honestly and fairly and any disciplinary action that has been taken against the individuals.

In the case of authorised insurers belonging to a group of companies, the HKIA will, when considering fitness and properness, take into consideration any information in the HKIA's possession relating to any other company in the group of companies or any substantial shareholder or officer of the person or another company in the group of companies.

The HKIA will take into account certain facts in applying the "fit and proper" test to the Hong Kong authorised insurers and their controllers (as defined under section 9 and 13A of the Amended IO, as the case may be) and shareholder controllers (as defined under section 2(1) of the Amended IO), including, but not limited to, whether the person:

(i) has financial integrity, e.g., whether the accounts of the body corporate display a financially sound and stable position;

(ii) (where the person is a majority (and if appropriate, minority) shareholder controller approved by the HKIA under 13B(1) of the Amended IO) has sufficient financial resources to acquire or support the operations of the insurer and whether the business plan for the insurer is realistic and viable;

(iii) is subject to receivership, administration, liquidation or other similar proceedings;

(iv) has been refused or restricted from the right to carry on any trade, business or profession by any regulatory authority in Hong Kong or elsewhere;

(v) has been censured, disciplined or publicly criticised by any regulatory authority in Hong Kong or elsewhere;

(vi) has been the subject of an investigation conducted by any regulatory authority in Hong Kong or elsewhere; or

(vii) was a controller or director of a body corporate or insurer, in Hong Kong or elsewhere, which has been compulsorily wound up or made any compromise or arrangement with its creditors or ceased trading in circumstances where its creditors did not receive or have not yet received full settlement of their claims, either whilst the body corporate concerned was a controller or director or within one year after the body corporate concerned ceased to be such a controller or director.

The HKIA is empowered by the IO to raise an objection if it appears to it that any person is not fit and proper to be a controller or director of an authorised insurer. The HKIA is also empowered by the IO to exercise the disciplinary powers set out under section 41P of the IO (such as the revocation or suspension of authorisation of the insurer) if it is of the opinion that a person who holds (or held) the position of a director or controller of the insurer is not (or was not) a fit and proper person to hold that position.

***Adequate reinsurance arrangements***

Section 8(3)(c) of the IO requires an insurer to have adequate reinsurance arrangements in respect of its insurance business unless it is justified otherwise. The HKIA has issued a guideline that sets out the general guiding principles of the HKIA in assessing the adequacy of the reinsurance arrangements of an insurer. In considering the adequacy of an authorised insurer's reinsurance arrangements, the HKIA will generally take into account, among other things, the following factors: the reinsurance management framework of the insurer; the type of reinsurance arrangements; the maximum retention of the insurer; the spread of risks among reinsurers; and the security of reinsurers.

With regard to the spread of risks among reinsurers, the HKIA considers that additional risks arise where a reinsurer is a related company of the insurer. The HKIA has issued a guideline which sets out the criteria to be used in determining the adequacy of such arrangements. The HKIA will consider a related reinsurer to have provided adequate security if any of the following requirements is met:

(i) the particular reinsurer is an authorised insurer in Hong Kong;

(ii) the particular reinsurer or any one of its holding companies has an Insurer Financial Strength Rating of AA- or above by Standard & Poor's, Aa3 or above by Moody's or A+ or above by A.M. Best or equivalent rating; or

(iii) the particular reinsurer or any one of its holding companies is otherwise considered by the HKIA as having a status comparable to the above.

In the event that none of these requirements is met by a related reinsurer, the HKIA will restrict the amount of net reinsurance it deems recoverable from that reinsurer when assessing the ceding party's financial position, unless it determines that acceptable collateral security, such as an irrevocable and permanently renewable letter of credit, is in place in respect of the arrangement with that reinsurer.

***Maintenance of separate accounts and funds in respect of long-term business***

Sections 21B to 23 of the Amended IO require insurers carrying on long-term business to keep separate accounts and a separate fund for each of Class C (linked long term), Class G (retirement scheme management category I), Class H (retirement scheme management category II) and the remaining classes of long term business (i.e., Class A, Class B, Class D, Class E, Class F and Class I) and that within the fund maintained for the remaining classes of long term business (i.e., Class A, Class B, Class D, Class E, Class F and Class I), the insurer must maintain at least one separate account and one separate sub-fund for the part of the specified business that is a long-term business in relation to which a policy holder has a right to receive, at the discretion of the insurer, a financial benefit that is determined based on a profit sharing mechanism as a share of the insurer's profits in respect of the insurer's business or a part of the insurer's business.

The HKIA has also issued a guideline on reserve provisioning for Class G of long-term business (as defined under Schedule 1 Part 2 of the IO) to reinforce and enhance the required standard of provision for Class G business of long-term business. Policies classified under Class G of long-term business are mainly offered as retirement scheme contracts which provide for a guaranteed capital or return under MPF schemes and ORSO schemes.

***Accounting and reporting requirements***

The IO requires insurers to maintain proper books of accounts which must sufficiently exhibit and explain all transactions entered into by the insurer in the course of any business carried on by the insurer. Insurers must submit information including audited financial statements, a directors' report and statistics relating to the valuation of their insurance business and outstanding claims to the HKIA on an annual basis.

An insurer carrying on long-term business is also required to submit annually an actuarial investigation report. The appointed actuary is responsible for advising on all actuarial aspects of the financial management of an insurer's long-term business including proper premium setting, a prudent reserving policy, a suitable investment allocation, appropriate reinsurance arrangements and due reporting of irregularities to the HKIA.

***Corporate governance of authorised insurers***

The HKIA has issued a guideline on the corporate governance of authorised insurers, which sets out the minimum standard of corporate governance that is expected of an authorised insurer and the general guiding principles of the HKIA in assessing the effectiveness of an insurer's corporate governance arrangements. This guideline applies to both (i) authorised insurers incorporated in Hong Kong (such as FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong)) and (ii) authorised insurers incorporated outside Hong Kong where 50% or more of their annual gross premium income pertains to their Hong Kong insurance business (such as FWD Life (Bermuda)), unless written consent for exemption has been obtained from the HKIA. No such written consent for exemption has been obtained from the HKIA by FWD Life (Bermuda). The guideline covers governance structure, roles and responsibilities of the board of directors, board matters, board committees, risk management and internal control systems, remuneration matters and servicing of clients.

Irrespective of the proportion of an overseas-incorporated insurer's Hong Kong insurance business, the HKIA expects such an insurer to observe strictly any applicable guidelines on corporate governance promulgated by its home regulatory authority.

***Asset management***

In order to ensure that an insurer will meet its contractual liabilities to policyholders, the HKIA requires that an insurer's assets are managed in a sound and prudent manner, taking into account the profile of liabilities held by the insurer and the risk-return profile of the insurer. The HKIA has issued a guideline on asset management by authorised insurers, which applies to both an insurer incorporated in Hong Kong (such as FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong)) and the Hong Kong branch of an insurer incorporated outside Hong Kong whose investment in financial assets exceeds HK$100 million. This guideline provides a checklist for assessing how insurers should control the risks associated with their investment activities and includes guidance and commentary on the investment process, policy and procedures; the investment mandate given by the board of directors to senior management; and monitoring and control (including risk management functions, internal controls and audit).

In order to assess how insurers control the risks associated with their investment activities, the HKIA may periodically request information from insurers, including accessing information through on-site inspections and discussion with insurers.

***Powers of intervention***

The HKIA is empowered under Part V of the IO to intervene in an insurer's business and take appropriate actions in (among others) the following circumstances:

(i) where the HKIA considers that the exercise of this power is desirable for protecting policyholders or potential policyholders of the insurer against the risk that the insurer may be unable to meet its liabilities or to fulfil the reasonable expectations of policyholders or potential policyholders;

(ii) where it appears to the HKIA that the insurer or, in limited circumstances, its holding company has failed to satisfy any of its obligations under the IO;

(iii) where it appears to the HKIA that the insurer has provided misleading or inaccurate information to it for the purposes of the IO;

(iv) where the HKIA is not satisfied as to the adequacy of the insurer's reinsurance arrangements;

(v) where the HKIA is not satisfied with the financial condition of the insurer or its compliance position with the prescribed regulatory benchmark or requirements in respect of, among other things, its assets and liabilities matching position, reserving level or financial protections;

(vi) where there exists one of the specified grounds on which the HKIA would be prohibited from authorising the insurer if it were to make an application for authorisation (including where the insurer's directors and controllers fail any "fitness and properness" requirement); or

(vii) where it appears to the HKIA that the circumstance described in section 35AA(1) or (2) of the IO exists (i.e., the insurer has failed to maintain the required excess of the value of its assets over the amount of its liabilities).

The HKIA may also intervene in an insurer's business, whether or not any of the above circumstances exist, at any time during the five-year period following authorisation of the insurer or a person becoming a controller of an insurer.

The actions that the HKIA may take in intervening in an insurer's business include:

(i) restrictions on the insurer effecting new business;

(ii) restrictions on types of investments an insurer may make, or requirements that the insurer realises certain types of investments within a specified period;

(iii) requirements that an insurer maintain assets in Hong Kong equal to the whole or a specified portion of the liabilities arising from its Hong Kong business, and that these assets be held in the custody of a trustee approved by the HKIA;

(iv) requirements that an insurer takes steps to limit the premium income it receives during a specified period to a specified amount in respect of certain classes of business; and

(v) requirements that the insurer conducts a special actuarial investigation on its long-term business to produce information and documents and requirements that the insurer accelerates its submission to the HKIA of financial reports and actuarial investigations and other specified documents.

In addition, under certain specified circumstances, the HKIA may direct that a manager is appointed to assume control of an insurer.

***Letters of Undertaking***

To replace certain obligations under section 35 orders issued by the HKIA dated 7 November 2008 and 1 March 2013 on directors to an authorised insurer to take such action in respect of its affairs, business or property the HKIA considers appropriate, FWD Life (Bermuda) entered into a Letter of Undertaking dated 3 June 2024 (the "**Letter of Undertaking**"). The HKIA may take into account any failure to comply with the requirements stipulated in such letters in considering whether or not to exercise its intervention powers under the IO or take disciplinary action against the insurer under the IO. The HKIA may also take into account any non-compliance with such requirements in determining matters such as the fitness and properness of controllers and directors on an on-going basis.

The Letter of Undertaking, among other things, requires FWD Life (Bermuda) to:

(i) notify the HKIA immediately and obtain financial support from shareholders in the event the solvency ratio falls below the prescribed capital amount;

(ii) seek the HKIA's prior written consent before providing guarantees, loans or financial assistance in any form to any person, or allowing encumbrance of any kind to be created on any assets of FWD Life (Bermuda) (except provision of collateral for hedging and liquidity purposes; provision of loans to its licensed insurance agents; and provision of loans to policy holders pursuant to the long term insurance policies);

(iii) except for normal insurance transactions and certain other exceptions, seek the HKIA's prior written consent before engaging in any transaction with a "specified person" and, for the purpose of this requirement, "specified person" includes but is not limited to the directors, controllers, or group companies of FWD Life (Bermuda); and

(iv) except for certain exceptions or up to certain limits, seek the HKIA's prior written consent before committing its long term fund for investment.

On 1 November 2024, FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong) entered into similar letters of undertakings with the HKIA as the Letter of Undertaking. Under such letters of undertakings, both FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong) will continue to cease effecting new contracts of insurance as an insurer (as they have since 1 October 2020), including contracts of reinsurance accepted but excluding contracts of reinsurance ceded, in or from Hong Kong, and they shall not recommence any such new insurance business without the HKIA's prior written consent. FWD Life (Hong Kong) and FWD Life Assurance (Hong Kong) were acquired and rebranded by the Group from MetLife, Inc. in 2020 and have since operated in run-off. The cessation of effecting new insurance contracts by such entities does not have any material impact on the Group's business and financial performance. New contracts of insurance in Hong Kong are underwritten by FWD Life (Bermuda).

***Payment of dividends***

An insurer authorised for long-term business and its holding companies are not permitted to declare dividends to shareholders at any time when the requirements of section 22(3) of the IO relating to any fund or funds maintained by the insurer in respect of its long-term business have ceased to be satisfied.

***The Code of Conduct for Insurers ("HK Code of Conduct")***

As part of the initiatives taken by the industry, the HKFI has published the HK Code of Conduct, which, among other things, describes the expected standard of good insurance practice in the establishment of insurance contracts and claims settling.

The HK Code of Conduct, which is currently being updated, applies to all general insurance members and life insurance members of the HKFI and applies to insurance effected in Hong Kong by onshore individual policyholders insured in their private capacity only. As a condition of membership of the HKFI, all general insurance members and life insurance members undertake to abide by the HK Code of Conduct and use their best endeavours to ensure that their staff and insurance agents observe its provisions.

***The Insurance Complaints Bureau ("ICB")***

The ICB was inaugurated on 16 January 2018 to supersede The Insurance Claims Complaints Bureau in providing an alternative dispute resolution mechanism to help resolve insurance disputes arising from personal insurance policies. The Insurance Claims Complaints Panel is appointed by the ICB with the objective of providing independent and impartial adjudication of complaints between insurers and their policyholders. The Insurance Claims Complaints Panel handles claims either from policyholders themselves or their beneficiaries and rightful claimants. The Insurance Claims Complaints Panel, in making its rulings, is required to have regard to and act in conformity with the terms of the relevant policy, general principles of good insurance practice, any applicable rule of law or judicial authority; and any codes and guidelines issued from time to time by the HKFI or the ICB. The terms of the policy contract must prevail unless they would, in the view of the Insurance Claims Complaints Panel, produce a result that is unfair and unreasonable to the complainant. Members (including the Hong Kong authorised insurers) agree to comply with and be bound by the ICB's Terms of Reference and will be bound by any decisions made by the Insurance Claims Complaints Panel.

***Cybersecurity***

Pursuant to section 133 of the IO, the HKIA has issued a guideline on cybersecurity, which aims to assist authorised insurers to identify and mitigate cyber risks. On 11 December 2024, the HKIA announced its proposed issuance of a revised guideline on cybersecurity, which became effective from 1 January 2025. This revised guideline supersedes the previous version that was effective from 1 January 2020. Similar to the previous version of the guideline, the revised guideline applies to all authorised insurers (except for captive insurers and marine mutual insurers) in relation to the insurance business they carry on in or from Hong Kong. It sets out the minimum standard for cybersecurity that applicable authorised insurers are expected to have in place and the general guiding principles which the HKIA uses in assessing the effectiveness of an insurer's cybersecurity framework. The guideline, which is not intended to be an exhaustive list of requirements, sets out the general guiding principles for a cybersecurity strategy and framework and covers governance, risk identification assessment and control, continuous monitoring, response and recovery and information sharing and training. Authorised insurers are expected to implement adequate and effective cybersecurity measures which are appropriate and commensurate with the size, nature and complexity of their business. In addition, the revised guideline introduces a new risk-based assessment framework, namely the Cyber Resilience Assessment Framework (the "**CRAF**"). The CRAF consists of three elements:

(i) Inherent Risk Assessment (IRA), which measures the cyber risk exposure of the insurer;

(ii) Maturity Assessment (MA), which measures the cyber risk handling maturity level of the insurer; and

(iii) Threat Intelligence Based Attack (TIBAS), which simulates real-life cyber-attack scenarios to measure the cyber incident response capability of the insurer.

TIBAS is only required if the inherent risk level of the insurer from IRA is medium or high. The CRAF is expected to be performed over a three-year cycle, or upon any major changes to business nature of technologies, or when the HKIA considers it appropriate. The submission deadline of the first assessment is 1 January 2026 for all high inherent risk rating insurers, and 1 July 2026 for all medium and low inherent risk rating insurers.

***Establishment and maintenance of fund(s) in respect of participating business***

Pursuant to section 133 of the IO, the HKIA has issued a guideline on establishment and maintenance of fund(s) in respect of participating business (GL 34) which sets out the HKIA expectations for sound and prudent business practices in this regard. Areas covered in the new guideline include, among other things, the identification of assets and liabilities, determination of the opening balance, expenses and charges, allocation of distributable surplus/profits, capital support, physical segregation of assets, and submission of independent report by 31 March 2025 in respect of each participating fund.

This new guideline is promulgated in anticipation of the enactment of the Insurance (Amendment) Ordinance 2023 and became effective as of 1 July 2024.

***Framework for group-wide supervision of certain insurance groups***

*Overview and relevance to the Group*

Prior to 29 March 2021, the HKIA was our group-wide supervisor as agreed by insurance regulators of our supervisory college. The HKIA performed this function through the use of written undertakings provided by us.

In July 2020, the Legislative Council passed the Insurance (Amendment) (No. 2) Bill 2020 which introduced a framework enabling the HKIA to directly conduct group-wide regulation and supervision of insurance groups where the holding company for the group is incorporated in Hong Kong. The GWS framework is intended to be aligned with the IAIS' standards on group-wide supervision (particularly the Common Framework for the Supervision of Internationally Active Insurance Groups) and to be principles-based and outcomes focused to allow the HKIA to have effective and robust supervisory mechanisms for insurance groups. The GWS framework came into force on 29 March 2021.

The Group is within the scope of the GWS framework, as described below. The GWS framework is founded upon three pillars:

(i) pillar one establishes capital requirements (comprising a Group Minimum Capital Requirement ("**GMCR**") and a Group Prescribed Capital Requirement ("**GPCR**") which a DIHC would be expected to ensure its insurance group meets;

(ii) pillar two sets out risk management and governance requirements that a DIHC is expected to apply across the group, including a requirement to carry out a group internal economic capital assessment and an own risk and solvency assessment to assess present and future financial and risk condition of its insurance group; and

(iii) pillar three sets out disclosure requirements for a DIHC that cover risk and governance matters in relation to its insurance group, as well as certain private reporting obligations to the HKIA.

*Designation of the DIHC and the DIHC's duties and obligations*

Under the GWS framework, the HKIA is able to designate an insurance holding company within an insurance group as a DIHC if: (i) the HKIA, in accordance with principles adopted by the IAIS, is appointed as the group supervisor of the insurance group to which the insurance holding company belongs and (ii) the HKIA considers it appropriate for the insurance holding company to be so designated. In general, the obligations and requirements of a DIHC will apply in relation to its supervised group. The HKIA carries out group wide supervision through the control and influence that the DIHC may exercise in relation to its supervised group. The entities which will comprise the "supervised group" will by default comprise the DIHC, all subsidiaries of the DIHC and any other entities that are, according to applicable accounting standards, treated as members of the insurance group to which the DIHC belongs. However, the HKIA is also able, pursuant to section 95D of the IO, to include other entities in the supervised group, which the HKIA considers are closely linked to a default member of the supervised group through any financial, contractual or operational relationship or exclude default members from the supervised group if it considers appropriate.

On 14 May 2021, FWD Management Holdings was designated as the DIHC of the Group. The "supervised group" of the Group comprises our Company, all entities consolidated in our Company's financial statements and BRI Life. The HKIA may, from time to time, specify other entities to be part of the supervised group as it sees fit.

FWD Management Holdings, as the DIHC, is required to, among other things:

(i) maintain with its holding company any arrangements specified by the HKIA (to ensure that it is able to comply with the GWS framework);

(ii) comply with group-wide capital requirements;

(iii) establish an enterprise risk management system for its supervised group;

(iv) establish and implement a corporate governance framework for its supervised group;

(v) implement effective systems, at the group level, in relation to risk management and internal controls, including effective functions for risk management, compliance, actuarial matters, internal audit and financial control;

(vi) monitor its supervised group's investment risk exposures on an aggregate basis for the supervised group as a whole and ensure controls are in place to ensure each member in the supervised group meets the qualitative and quantitative investment requirements which apply to it;

(vii) comply with requirements for disclosure of information in relation to its supervised group, including public disclosures and private disclosures to the HKIA;

(viii) adopt a sound and responsive framework in formulating and monitoring the outsourcing arrangements for its supervised group and establish a group outsourcing policy to formulate and monitor outsourcing arrangements;

(ix) ensure that the risks associated with any proposed acquisition to be made by itself or any other member of its supervised group are adequately assessed and to avoid making an acquisition, or allowing an acquisition to be made, that would jeopardise the financial position of the supervised group or prejudice the interests of the policyholders of the supervised group; and

(x) obtain the HKIA's prior approval before making a major acquisition which is material to the supervised group.

In addition, FWD Management Holdings has agreed with the HKIA to use its best endeavours to appoint and maintain the same directors on its board as on our Board of Directors.

*Group Capital Rules*

Under the GWS framework, the Insurance (Group Capital) Rules (the "**Group Capital Rules**") provide for two levels of capital requirements. The GMCR and the GPCR are respectively calculated as the sum of the regulatory minimum capital requirements and prescribed capital requirements which apply to each of the legal entities in the supervised group in the jurisdictions in which they are incorporated or carry on business. The HKIA may vary the minimum capital requirement of a supervised group pursuant to Section 95ZI(2) of the IO. FWD Management Holdings (as the DIHC) is required to ensure that the supervised group's tier 1 group capital is at all times not lower than the GMCR and the sum of tier 1 group capital and tier 2 group capital is at all times not lower than the GPCR. Please refer to "*– Laws and Regulations Relating to the Group's Business and Operations in Hong Kong – Framework for group-wide supervision of certain insurance groups – Designation of the DIHC and the DIHC's duties and obligations*" in this section for details of the entities comprising the supervised group.

Only eligible group capital resources may be included in the supervised group's tier 1 group capital or tier 2 group capital. If a supervised group member is a regulated entity, its eligible capital resources are the resources and financial instruments that are eligible to be counted towards satisfying its minimum capital requirement or prescribed capital requirement in the jurisdiction in which it is authorised as a regulated entity. If a supervised group member is a non-regulated entity, its eligible capital resources (and their categorisation into tier 1 (unlimited or limited) or tier 2) is determined based on criteria specified in the Group Capital Rules.

The Group Capital Rules require a DIHC to make periodic private reports to the HKIA on group capital adequacy. It must also notify the HKIA forthwith upon the occurrence of certain matters relating to group capital, including where any of its directors, chief executive or key persons in control function believe it is likely that the DIHC will breach (or has breached) certain group capital requirements, as well as upon the occurrence of certain other specified adverse circumstances. The Group Capital Rules also require a DIHC to make certain periodic public disclosures in relation to its supervised group, including information on its group profile, corporate governance framework, certain financial matters (including in relation to group capital) and on material intra-group transactions.

*Supervision of shareholder controllers, chief executives, directors and key persons in control functions*

Section 95I of the IO prohibits a person from becoming or continuing to be a shareholder controller (defined to mean a person who, alone or with an associate or through a nominee, is entitled to exercise, or control the exercise of, 15% or more of the voting power at any general meeting of the company) of FWD Management Holdings (as the DIHC) unless approved by the HKIA. In addition, the HKIA is able to object to a person being a shareholder controller of a DIHC if it appears to the HKIA that the person is not, or is no longer, a fit and proper person to be a shareholder controller.

FWD Management Holdings (as the DIHC) is required to obtain the HKIA's approval for the appointments of its chief executive(s), director(s) and key person(s) in control functions. The HKIA is able to object to the continued appointment of any chief executive, director or key person in control functions of FWD Management Holdings if it appears to the HKIA that the person in question is not, or is no longer, a fit and proper person to be so appointed.

Factors to be taken into consideration in ascertaining whether a shareholder controller, chief executive, director or key person in control functions is fit and proper are set out in the IO and are similar to the ones applicable to an authorised insurer. Please refer to "*– Laws and Regulations Relating to the Group's Business and Operations in Hong Kong – Fit and proper directors and controllers*" in this section.

*New controller regime*

The Amended IO introduces a distinction between majority shareholder controllers and minority shareholder controllers and requires a person to seek further approval of the HKIA if he/she intends to acquire 50% or more of the voting power of an insurance company, regardless of whether he/she has obtained prior approval (per the prevailing requirement before the commencement date of the Amended IO) from the HKIA for the acquisition of 15% or more of the voting power of that company.

*Powers of intervention*

The GWS framework also empowers the HKIA to pass a direction appointing a manager to manage the affairs, business and property of the DIHC, including the exercise of the DIHC control and influence over within-scope group companies, for the duration that such direction is in force, if any of the following were to occur:

(i) the HKIA is of the opinion or is informed by the DIHC that the group capital requirements for the supervised group are not being, or are likely to be not, complied with;

(ii) the auditor's report states that there is a significant doubt as to the ability of the DIHC or its supervised group to continue as a going concern; or

(iii) the HKIA is of the opinion that the DIHC or its supervised group is unable to meet their liabilities, and there is no reasonable prospect of the DIHC or its supervised group recovering from such situation, the measures taken by the DIHC or its supervised group to recover from such situation have failed or any attempt to take the measures to recover from such situation is likely to fail or cannot be implemented within a reasonable time.

The HKIA is also empowered under specified circumstances to, among other things, obtain information and require production of documents, requiring the taking of action in relation to the affairs, business and property of companies within the supervised group and the power to restrict the transfer of assets among the within-scope group companies.

*Incoming risk-based capital requirements*

The ICS, which applies to IAIGs, was adopted by the IAIS at its Annual General Meeting in December 2024 (in January 2023, the HKIA identified the Group as an IAIG).

The ICS has been developed as a consolidated group-wide standard for IAIGs. It consists of three components: valuation, qualifying capital resources, and a standard method for the ICS capital requirement. The ICS implementation timelines recognise that it will take some time for jurisdictions to finalise any necessary regulatory and supervisory changes to align with the ICS, taking into account jurisdictional circumstances. In 2026, the

IAIS will coordinate a baseline self-assessment by IAIS members of their progress in implementing the ICS, which will serve as a baseline for further implementation progress monitoring. The IAIS will then aim to start in-depth targeted jurisdictional assessments in 2027. The Group has been taking part in field testing for the implementation of the ICS and continuously monitors the progress of such implementation and its potential impact on the Group. Where the HKIA has identified the Group as an IAIG, the Group may become subject to additional capital and solvency requirements. See "*Risk Factors – Risks Relating to our Business – New solvency standards may affect our capital position*".

**Regulation of insurance intermediaries in Hong Kong**

***Overview***

With effect from 23 September 2019, the HKIA became the sole regulator to license and supervise insurance intermediaries (comprising insurance agents and insurance brokers) in Hong Kong. The regulatory regime for insurance intermediaries is activity-based. The key difference between the two types of insurance intermediaries is that insurance agents act as agents of insurers, while insurance brokers act as agents of policyholders and potential policyholders.

The HKIA is responsible for supervising insurance intermediaries' compliance with the provisions of the IO and the relevant regulations, rules, codes and guidelines issued by the HKIA. The HKIA is also responsible for promoting and encouraging proper standards of conduct of insurance intermediaries, and has regulatory powers in relation to licensing, inspection, investigation and disciplinary sanctions.

The Group has two licensed insurance intermediaries: FWD Financial Limited, a licensed insurance agent, and FWD Financial Planning, a licensed insurance broker company.

***Licensing requirements***

Where the applicant insurance agent, technical representative (agent) or technical representative (broker) is an individual, the HKIA must not grant the applicant a licence unless, among other things, (i) the applicant is a fit and proper person to carry on regulated activities in the lines of business concerned and (ii) the applicant has passed the relevant papers of the Insurance Intermediaries Qualification Examination conducted by the Vocational Training Council (unless exempt).

Where an applicant insurance agency is a corporation, the HKIA must not grant the applicant a licence unless, among other things, (i) the applicant is a fit and proper person to carry on regulated activities in the lines of business concerned; (ii) each director of the applicant is a fit and proper person to be associated with the carrying on of regulated activities in those lines of business; (iii) where there is a controller in relation to the applicant, the controller is a fit and proper person to be associated with the carrying on of regulated activities in those lines of business; and (iv) the applicant is appointed as an agent by at least one authorised insurer. A licensed insurance agency is also required to appoint a fit and proper person to discharge his or her responsibilities as a responsible officer of the insurance agency, and should provide sufficient resources and support to the person for discharging his or her responsibilities. Prior approval of the HKIA is required for appointment of the responsible officer.

The HKIA must not grant an applicant insurance broker company a licence unless (i) the applicant is a fit and proper person to carry on regulated activities in the lines of business concerned; (ii) each director of the applicant is a fit and proper person to be associated with the carrying on of regulated activities in those lines of business; (iii) if there is a controller in relation to the applicant, the controller is a fit and proper person to be associated with the carrying on of regulated activities in those lines of business; and (iv) the applicant is able to demonstrate that, if licensed, it will be able to comply with rules relating to minimum capital and net assets, professional indemnity insurance, the keeping of separate client accounts by a licensed insurance broker company and the keeping of proper books and accounts. A licensed insurance broker company is also required to appoint a fit and proper person to discharge his or her responsibilities as a responsible officer of the insurance broker company, and should provide sufficient resources and support to the person for discharging his or her responsibilities. Prior approval of the HKIA is required for appointment of the responsible officer.

"Controller" is defined in Part X of the IO to mean, in relation to a company, a person who (i) owns or controls, directly or indirectly, including through a trust or bearer shareholding, not less than 15% of the issued share capital of the company; (ii) is, directly or indirectly, entitled to exercise or control the exercise of not less than 15% of the voting rights at general meetings of the company; or (iii) exercises ultimate control over the management of the company.

The matters that the HKIA must have regard to in determining fitness and properness are set out in the IO. These include matters such as a person's education or other qualifications or experience, ability to carry on a regulated activity competently, honestly and fairly, reputation, character, reliability and integrity and financial status or solvency. The HKIA has issued a guideline on the "fit and proper" criteria for licensed insurance intermediaries.

Licences will generally be subject to renewal requirements every three years.

***Conduct requirements***

Licensed insurance intermediaries are required to comply with the statutory conduct requirements set out in the IO and the relevant requirements set out in the codes of conduct issued under the IO. The HKIA has issued two separate codes of conduct, namely the Code of Conduct for Licensed Insurance Agents and the Code of Conduct for Licensed Insurance Brokers. These codes contain principles of conduct and related standards and practices with which licensed insurance agents and licensed insurance brokers are ordinarily expected to comply in carrying on regulated activities.

*Regulation under the MPFSO*

The MPFA is the body established to act as the regulatory authority under the MPFSO and is responsible for regulating and supervising the operations of MPF schemes.

The MPFA registers MPF schemes, approves constituent funds of the schemes and ensures that they operate properly in accordance with the MPFSO, subsidiary legislation and the guidelines issued by the MPFA.

A person is required to be registered with the MPFA as an MPF intermediary before he can engage in MPF sales and marketing activities that may influence a prospective or existing participant of an MPF scheme in making a decision that affects the participant's benefits in an MPF scheme. The MPFA may only register as "principal intermediaries" institutions registered with the SFC for dealing in securities and/or advising on securities regulated activity corporations licensed by the SFC for dealing in securities regulated activity and/or advising on securities regulated activity, insurers authorised under the IO to carry on a long-term insurance business and licensed long-term insurance broker companies under the IO. FWD Life (Bermuda) and FWD Financial Planning are registered MPFSO principal intermediaries and hence are subject to supervision under this regime. Certain individuals attached to a principal intermediary are also required to be registered with the MPFA as "subsidiary intermediaries." Both principal intermediaries and subsidiaries intermediaries constitute "MPF intermediaries." In regulating MPF intermediaries, the MPFA works with three frontline regulators, namely the HKIA, the SFC and the Hong Kong Monetary Authority (collectively, the "**FRs**"). The MPFA and the FRs have distinct powers and functions. In cases concerning conduct issues, the FRs are responsible for supervision and investigation of the relevant registered MPF intermediaries who are the FRs' respective regulatees under their own regimes while the MPFA is the sole authority to determine and impose any disciplinary orders under the MPFSO. Conduct requirements for MPF intermediaries are set out in the MPFSO and a guideline issued by the MPFA.

*Publicly offered investment products*

The operation, marketing and promotion of investment-linked products and schemes, including long-term insurance schemes by insurers, are subject to authorisation by the SFC in accordance with Part IV of the SFO and related codes and guidelines issued by the SFC (for example, the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products). The codes and guidelines contain structural requirements, operational requirements and disclosure requirements, including restrictions on the content of advertisements and the claims that can be made with respect to risks and potential returns on an investment.

***Regulation under the SFO***

Companies that wish to conduct business in regulated activities (as stipulated in the SFO) which include, but are not limited to, Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) in Hong Kong must be licensed to do so under the SFO, unless one of the exemptions under the SFO applies. The marketing and promotion of regulated activities, certain financial products and investment schemes are also regulated under the SFO.

Licensed corporations under the SFO are subject to a number of ongoing requirements which include, but are not limited to, capital adequacy, financial reporting and audit, internal control and compliance, regulatory notifications and record keeping. Responsible officers who supervise the regulated activities of the licensed corporations and individuals responsible for carrying out the regulated activities in Hong Kong must satisfy suitability and qualification requirements (as well as maintenance of such requirements) and be approved by the SFC. Substantial shareholders as defined under the SFO must also satisfy certain requirements as to their fitness and properness and be approved by the SFC.

In Hong Kong, FWD Financial Planning is a licensed corporation that is licensed for Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities.

In addition, the operation, marketing and promotion of investment-linked products and schemes, including long-term insurance schemes by insurers, are subject to authorisation by the SFC. See "– *Publicly offered investment products*" in this section.

**Laws and Regulations Relating to the Group's Business and Operations in Macau**

***Overview***

The main source of statutory regulation of the insurance sector in Macau is Decree-Law 27/97/M as amended by Law 21/2020, commonly referred to as the Macau Insurance Ordinance, which sets out requirements for the ongoing compliance and reporting obligations of insurers. In addition, the Macau Financial System Act (originally Decree-law no.32/93/M), as amended and reinstated by Law 13/2023, is also expressly applicable to insurance companies operating in Macau, in particular it includes provisions governing supervisory actions, administrative penalties, competition and advertising activities.

The ultimate authority overseeing, coordinating and supervising insurance activity is the Macau Chief Executive, while the material execution of these functions is carried out by the Macau Monetary Authority ("**AMCM**").

Insurance intermediary activity in Macau is principally regulated under Decree-Law 38/89/M and its subsequent amendments, commonly referred to as the Insurance Agents and Brokers Ordinance. Authorisation of insurance intermediaries and supervision of insurance intermediary activity fall under AMCM's purview, and any individual or corporate entity must obtain the necessary license issued by AMCM before conducting insurance intermediary business in Macau.

On 31 July 2024, the Macau Legislative Assembly enacted Law 15/2024 (the Insurance Intermediary Activities Ordinance) with the intent of modernising the regulatory framework for insurance intermediaries in line with international standards and best practices. This new legislation will replace and revoke the Insurance Agents and Brokers Ordinance when it comes into force on 1 August 2025.

***Licences held by the Group in Macau***

The Group is authorised to carry on a life insurance business in Macau through its locally incorporated subsidiary, FWD Life (Macau). FWD Life (Macau) is licensed as a life insurer and authorised to offer all classes of life business.

FWD Life (Macau)'s authorisation to carry on a life insurance business was issued by government order no. 92/99/M on 22 March 1999 and published in the Macau Official Gazette on 29 March 1999. This authorisation was subsequently updated by way of executive orders 73/2000, 30/2001 and 48/2013, being successive authorisations to the change in trade name of the company.

***Capital, Solvency Margin and Reserve Requirements, Dividend Restrictions***

The Macau Insurance Ordinance sets a minimum paid up capital requirement for locally incorporated life insurers, such as FWD Life (Macau), of MOP60 million. Pursuant to the Macau Insurance Ordinance, FWD Life (Macau) is also required to maintain technical reserves, guaranteed by equivalent and adequate assets located in Macau (unless otherwise authorised by AMCM), as well an excess of assets over liabilities of not less than a required solvency margin calculated in accordance with section 70 of the Macau Insurance Ordinance, subject to a minimum solvency margin of MOP15 million. FWD Life (Macau) may only distribute dividends if it meets its statutory legal reserve obligations for the financial year. The Monetary Authority of Macao requires insurance companies to maintain a required minimum solvency ratio determined periodically and is currently set at 150%.

In addition, the Macau Chief Executive 2024 policy address mentioned the commencement of a research project on a RBC framework for the Macau insurance industry, leading to an eventual drafting of relevant legislation to implement a RBC regime. Such research project is currently underway, with joint discussions between the regulator and the relevant stakeholders being held throughout 2024 and 2025. However, no final target has yet been set to finish the research and legislative process for such an implementation of the RBC regime in Macau. The Group continuously monitors the progress of this implementation of the RBC regime and its potential impact on the Group.

## Laws and Regulations Relating to the Group's Business and Operations in Thailand

### *Overview*

FWD Thailand is licensed to carry on a life insurance business in Thailand. It is regulated and supervised by the Office of Insurance Commission of Thailand ("**OIC**"), an independent regulatory organisation handling day-to-day insurance business affairs that reports to the Ministry of Finance. The Secretary General of the OIC holds the statutory appointment of Insurance Registrar.

Each quarter, life insurers must contribute a proportion of their insurance premium to the OIC to cover the OIC's operational expenses. Other than unit-linked insurance products, life insurers must contribute 0.3% of the first-year direct premium and 0.15% for the premium of consecutive year and for one-time payment insurance policies. For unit-linked insurance products, the rate of contribution to the OIC is 0.1% of direct premium each year.

The principal regulator for insurers, reinsurers and intermediaries in Thailand is the OIC. Under the Insurance Commission Act 2007, the OIC is chaired by the Permanent Secretary of Finance, and comprises of the Permanent Secretary of Commerce, the Secretary General of the Consumer Protection Board, the Governor of the Bank of Thailand, and the Secretary General of the Securities and Exchange Commission as ex officio commissioners. The OIC must also be made up of at least 6 but no more than 8 Commissioners selected from experts in law, accountancy, business administration, finance, economics, or insurance.

The Life Insurance Act 1992 (as amended) and its subordinated regulations govern life insurance companies and intermediaries in Thailand, and impose compliance and statutory requirements, including approval and reporting requirement, on insurers and intermediaries. The OIC has the power to supervise insurers and intermediaries; regulate professional conduct, qualifications and the licensing of insurance brokers, agents and actuaries; and implement policies on insurance funds.

### *Capital requirements*

Life insurance companies in Thailand must maintain total capital available of not lower than the total capital required ("**TCR**") under the Risk-Based Capital Notification 2019 (as amended) ("**RBC Notification**"), and, in any case, not lower than Thai Baht 50 million. TCR is calculated based on the relevant risks to which a life insurer is exposed. According to the RBC Notification, if life insurance companies have a capital adequacy ratio ("**CAR**") of lower than 120% (effective until 31 December 2021) or lower than 140% (effective from 1 January 2022 onward), the OIC may impose certain measures as necessary to monitor the financial status of such companies.

***Reserve and asset management requirements***

For any insurance policies that remain in force, life insurers must allocate a portion of their premium income to a statutory insurance reserve. The insurance reserve may consist of different classes of assets, including cash, government bonds, and current deposits.

Life insurers must place a security deposit with the OIC of not less than Thai Baht 20 million, which may be a mix of cash and certain types of bonds, treasury bills, and similar permitted instruments. Life insurers must also place 25% of their insurance reserves with the OIC.

Under the law, if an insurer is bankrupt or if its licence is revoked, policyholders who are entitled to receive payment under their insurance policies will have preferential rights to the assets that the insurer placed with the OIC (security deposit and insurance reserve), and the rights to receive payment from those assets as secured creditors before other secured creditors.

***Statutory fund***

Life insurance companies must contribute to a central life insurance statutory fund. If an insurer is declared bankrupt or if its licence is revoked, policyholders will be compensated by the fund. Life insurance companies are required to place up to 0.5% of their total premium collected in the past six months into the statutory fund in accordance with the rules of the OIC.

If the insurer's licence is revoked, each policyholder will receive, in total, not more than Thai Baht 1 million of liquidation proceeds already distributed by the liquidator and compensation from the fund. Policyholders would also have preferential rights over other assets of the insurer and the right to receive payment from such assets subject to the rights of secured creditors and certain other classes of preferred creditors.

***Reinsurance***

Life insurers can reinsure only for protection parts of each life insurers, or in the case of mass lapse as agreed between the life insurers and the reinsurers. Other types of outward reinsurance may be taken if they are only for risk management and capital adequacy risk management, and prior approval must be obtained from the OIC, on a case-by-case basis.

Life insurers must prepare a liquidity risk management plan for events with huge loss or those requiring constant compensation. The OIC may also request insurers to take a stress test to assess how effective their treaty or facultative reinsurance arrangements are.

Reinsurance with a Thai licensed reinsurer is allowed if the insurers have an appropriate reinsurance management framework. Thai insurers can only enter into treaty and facultative reinsurance agreements with foreign reinsurers with a good credit rating as prescribed under the regulation. Thai insurers are allowed to enter into financial reinsurance or finite reinsurance agreements provided that certain conditions are met.

Insurers are required to submit a report on their reinsurance management framework and an analysis of the effectiveness of reinsurance to the OIC by the end of March each year. They must also submit the required reinsurance information and statistics, and, if the OIC requests, copies of reinsurance agreements and side letters.

***Regulation on products***

All insurance policies, as well as their related documents and endorsements, must be approved by the OIC. Using policies that have not been approved can entitle policyholders to policy termination with a full refund of premium or policy continuation with the benefits as written. Any inconsistency between a policy and its marketing materials is to be construed in favour of the policyholder or the beneficiary.

Premium rates also require the OIC's approval. The OIC can adjust a premium rate as it sees appropriate or at the insurer's request. Any premium adjustment will not affect the premium rate of insurance policies that were approved previously.

Insurers cannot underwrite policies denominated in currencies other than Thai Baht, but may access reinsurance from overseas that is denominated in foreign currencies.

The eligibility criteria on tax deductibility of premiums imposed by the Revenue Department affects life insurance policies.

***Regulation on agents and brokers***

Life insurance agents and brokers must be licensed by the OIC. From a general principle perspective in Thailand, agents generally represent a single insurer, while brokers may represent multiple insurers for the customer's best interests. The licence of an agent also indicates the name of the insurance company of the agent. Insurers cannot pay intermediaries any remuneration other than normal commission and benefits. There is a cap on the first-year commission rate, and a minimum rate for commission rates for subsequent years.

***Restriction on foreign insurers***

Life insurers must have at least 75% of their total voting shares directly owned by Thai shareholders, and cannot have foreign directors representing more than a quarter of the board. Nonetheless, the OIC may allow a life insurer to have up to 49% direct foreign shareholding and to have foreign directors representing more than a quarter but less than half of the board, if the Commission thinks appropriate.

The Minister of Finance, with recommendation of the OIC, can allow an insurer to have more than 49% foreign shareholding and foreign directors representing half of the board (or more) if the insurer's operation may cause harm to policyholders or the public, or for the purpose of enhancing the stability of the insurer or the insurance industry.

The law does not prohibit foreign shareholders from owning an indirect interest in life insurers in Thailand through Thai holding companies.

***Restriction on dividends and distributions***

Life insurers must maintain certain reserves. Before they can distribute dividends, life insurers must meet certain requirements, including having a CAR above the prescribed threshold and having net profits for at least two consecutive years. The calculation of net profits and dividends distribution is subject to the OIC's prior approval.

***Financial reporting requirements***

Insurers must submit reviewed quarterly financial statements, audited annual financial statements, and annual reports, as well as a certified actuarial report on the calculation of liabilities from insurance policies. In addition, life insurers must publicise their financial statements in newspapers, at their head office and branch offices.

**Laws and Regulations Relating to the Group's Business and Operations in Japan**

***Overview***

FWD Life Japan is regulated principally under the Insurance Business Act, which governs both life and non-life insurance businesses in Japan. Pursuant to the Insurance Business Act, the Prime Minister has the authority to supervise insurance companies in Japan. Most of such authority is delegated to the Commissioner of the Japanese Financial Services Agency ("**JFSA**"), who in turn has delegated a part of such authority to the Directors of the Local Finance Bureaus of the Ministry of Finance.

***Licensing requirements***

Under the Insurance Business Act, a licence must be obtained from the Prime Minister in order to engage in the business of underwriting insurance for the general public, with certain exceptions. The issuance of a licence is subject to the satisfaction of certain requirements relating to financial condition, prospective results of operations, knowledge, experience, social credibility, insurance products to be offered, and the manner of calculation of insurance premiums, policy reserves and certain other financial matters. The

Prime Minister or the Commissioner of the JFSA also has the authority to order the suspension of businesses in whole or in part; dismissal of officers including directors, executive officers, accounting advisers, corporate auditors and independent auditors; and revocation of licences, in the event of violation of material provisions of laws or regulations or in certain other cases prescribed by the Insurance Business Act.

***Authority of the Commissioner of the JFSA***

An insurance company must obtain approval from the Commissioner of the JFSA with respect to (a) any change in its products or any other term provided in the statement of manner of operations, the form of general policy conditions or the statement of the manner of calculation of insurance premiums and policy reserves submitted to the JFSA (although some of these changes are subject only to a prior notification requirement) or certain material provisions of its articles of incorporation, (b) establishment or acquisition of certain subsidiaries, (c) demutualisation, mutualisation, merger, consolidation, company split, dissolution or cessation of insurance business or (d) transfer of insurance policies, transfer or acquisition of a business in which any or all of the parties thereto are insurance companies, or entrustment of its administration or property to any other insurance company. The Commissioner of the JFSA also has extensive supervisory authority over insurance companies.

***Reporting requirements***

Insurance companies in Japan are subject to various reporting requirements under the Insurance Business Act. Among these requirements, insurance companies in Japan must submit to the Commissioner of the JFSA annual and semi-annual business reports in each business year, as well as notifications with respect to any increase in paid-in capital; appointment or resignation of representative directors, directors who engage in the ordinary business of the insurance company, corporate auditors, representative executive officers, executive officers, members of audit committee or independent auditors; issuance of stock acquisition rights or subordinated bonds; and the borrowing of subordinated loans.

***Regulations on solicitation***

Under the Insurance Business Act, life insurance solicitors, including sales representatives, independent sales agents and insurance brokers, must be registered with the relevant Local Finance Bureau. The Directors of the Local Finance Bureaus also have the authority to revoke any existing registration upon the occurrence of certain events provided in the Insurance Business Act and to supervise the operation of such representatives, agents and brokers.

***Scope of business***

Under the Insurance Business Act, insurance companies in Japan are permitted to engage only in the business of underwriting insurance pursuant to their licence, investing premium revenues and other assets, and certain other businesses set forth in the Insurance Business Act (with the prior approval of the Commissioner of the JFSA for certain types of businesses).

***Regulations on major shareholders***

Under the Insurance Business Act, a person who intends to hold 20% (or in certain cases, 15%) or more of the voting rights of an insurance company, defined for the purpose of this section as a major shareholder, must obtain prior authorisation from the Commissioner of the JFSA with certain limited exceptions. In addition, the Commissioner of the JFSA may request the submission of reports or materials from, or may inspect, any major shareholder if necessary to secure the sound and appropriate operation of the business and the protection of policyholders of such insurance company. The Commissioner of the JFSA may also impose certain administrative sanctions against major shareholders under the Insurance Business Act, including rescinding the authorisation given to a major shareholder, if they violate any law, regulation or administrative disposition, or act against public interest.

***Solvency margin***

Under the Insurance Business Act, the Commissioner of the JFSA has the authority to set standards to measure the financial soundness of the management of insurance companies in Japan. The solvency margin ratio is a standard designed to measure the ability of insurance companies to pay insurance claims and other claims upon the occurrence of unforeseeable events such as natural disasters. Currently, the solvency margin ratio for life insurance companies is calculated pursuant to a defined calculation formula.

In October 2024, the JFSA announced proposed amendments to laws and regulations in relation to an economic value-based solvency regime and the use of internal models. Subsequently, in January 2025, the JFSA amended the proposed amendments along with the finalisation of the ICS, and it is expected that the JFSA will officially announce those additional amendments in the second half of 2025, with a target date of implementation from the fiscal year ending 31 March 2026. The Group has been taking part in field testing for the implementation of the ICS and continuously monitors the progress of such implementation to examine the potential impact on the Group.

The Commissioner of the JFSA has the authority to order an insurance company with an insufficient solvency margin ratio or negative real net assets to take prompt corrective action. In general, insurance companies with solvency margin ratios of 200% or higher are considered sound. If the ratio falls below 200%, the Commissioner of the JFSA may order the insurance company to submit and implement a business improvement plan that will reasonably ensure the soundness of its management. If the ratio falls below 100%, the Commissioner of the JFSA may order the insurance company to take measures to enhance solvency. If the solvency margin ratio falls below 0%, the Commissioner of the JFSA may order the insurance company to suspend all or part of its operations for a period of time to be specified by the Commissioner of the JFSA.

***Distribution of dividends***

Under the Companies Act, the distribution of shareholder dividends takes the form of distribution of surplus. A distribution of surplus may be made up to the amount calculated in accordance with the formula set forth in the Companies Act. The Insurance Business Act provides that the distribution of policyholder dividends by insurance companies in Japan must be made in a fair and equitable manner in accordance with the provisions of related regulations.

**Laws and Regulations Relating to the Group's Business and Operations in the Philippines**

***Overview***

The Group is authorised to carry on a life insurance business in the Philippines through FWD Philippines. FWD Philippines is likewise authorised to engage in bancassurance activities through the banking network of Security Bank of the Philippines.

The Insurance Commission is the regulatory body that supervises the insurance industry in accordance with Presidential Decree No. 1460, as amended by Republic Act No. 10607 (the "**Philippine Insurance Code**"). The Insurance Commission is a government agency under the Department of Finance and is headed by the Insurance Commissioner who is appointed by the President of the Republic of the Philippines.

***Capital Requirements, Solvency and Dividends***

Insurance Commission Circular Letter 2016-68 (Amended Risk-Based Capital Framework) prescribes that the risk-based capital ratio be at least 100%, and a trend test is satisfied, at every quarter-end (i.e. 3 quarterly submissions and an annual report). Upon failure to meet the required RBC ratio based on the submissions, the company must submit a report explaining the cause of the failure and a management plan outlining the actions and/or strategies to be done to meet the RBC ratio for the next quarter. There are varying levels of regulatory intervention for the failure of a company to meet the required minimum based on a company's RBC ratio. In addition, Section 194 of the Philippine Insurance Code sets the minimum paid up capital requirements for domestic life and non-life insurance companies incorporated after 2013 at PHP1 billion. All life or non-life insurers are also subject to an increasing net worth requirement of PHP250 million by 30 June 2013, PHP550 million by 31 December 2016, PHP900 million by 31 December 2019, and PHP1.3 billion by 31 December 2022. Net worth shall consist of: (a) paid-up capital; (b) retained earnings; (c) unimpaired surplus; and (d) revaluation of assets as may be approved by the Insurance Commissioner.

The Insurance Commission has also issued Circular Letter No. 2022-41 which directs covered entities, which include life insurance companies with premium income exceeding PHP10 billion, to adopt and implement the Own Risk and Solvency Assessment Framework for solvency purposes to identify, measure, report and manage insurers' risks in an ongoing and integrated manner. However, the ORSA shall not serve as a replacement for regulatory capital requirements, and shall not be utilised to calculate the required Net Worth requirement under Section 194 of the Philippine Insurance Code and the required Risk-Based Capital under Circular Letter No. 2016-68. A covered entity is required to conduct its respective ORSAs as part of its risk-management system starting from the close of financial year of 2023, and required to conduct ORSA at least once a year and at any time when there are significant changes to its risk profile, or where applicable, of the insurance group of which it is a member.

The ORSA aims to support the risk management system of the covered entity by providing a forward-looking assessment, both quantitative and qualitative, of the insurance company's current and future solvency position under stressed scenarios considering all types of risks, and shall provide a better understanding of the following: (i) risk profiles, both current and future, and respective key drivers; (ii) adequacy of capital available to support their business model; (iii) material changes to their risk profiles; (iv) risks to which insurers are or will be exposed to, regardless of whether said risks are explicitly covered by regulatory capital requirements; (v) key drivers of their financial positions and balance sheet values; and (vi) identification of potential management actions to mitigate risks. The ORSA is expected to assess the following elements: (i) current solvency position; (ii) foreseeable future solvency position; (iii) effect on the foreseeable future solvency position of sufficiently changing and realistic adverse events and scenarios; (iv) continuous compliance with regulatory and solvency requirements; (v) identification of measures that the covered entity may adopt; (vi) breakdown of total economic capital target into the risks the covered entity is exposed to and the areas of activity where each risk stems from; and (vii) qualitative analysis of the overall risk-profile of the covered entity and determination of whether its exposure to material risks is consistent with the risk appetite and risk tolerance contained in the business model, strategic plans and policies.

The covered entity is required to develop appropriate documentation systems as described in the Circular Letter No. 2022-41, which include the ORSA Policy (as described in Rule II C of the Circular Letter No. 2022-41) ("**ORSA Policy**") and the ORSA Reports (as described in Annex A of the Circular Letter No. 2022-41) ("**ORSA Reports**"), and is required to submit the ORSA Policy to the Insurance Commission no later than 30 June 2023, and no later than 30 June of the year after meeting the criteria for mandatory ORSA for the succeeding years. Any subsequent change in the ORSA Policy shall be submitted to the Insurance Commission within one month from the adoption of the amendments. Additionally, covered entities shall be required to submit the ORSA Reports to the Insurance Commission on or before the fourth quarter of 2024 for the period covering the financial year of 2023, and no later than the fourth quarter following the relevant financial year for those that meet the criteria for mandatory ORSA after the financial year of 2023.

The Insurance Commission issued Circular Letter No. 2024-16 dated 21 August 2024 establishing the Guidelines for the Conduct of Institutional Risk Assessment ("**IRA**") aimed at combating money laundering ("**ML**"), terrorist financing ("**TF**"), and proliferation financing ("**PF**"), and mitigating sanctions risk. All Insurance Commission Regulated Entities ("**ICREs**") are required to develop tailored policies, controls and procedures to effectively manage and mitigate identified risks, and implement a risk-focused strategy against ML, TF, and PF. The risk assessment must be accessible to the Insurance Commission for examination purposes or when needed for risk-based supervision. Moreover, the IRA guidelines prescribe a three-stage risk assessment process: (i) Stage 1 involves risk identification through identifying ML/TF/PF threats and vulnerabilities germane to the ICRE's business operations; (ii) Stage 2 involves risk analysis by conducting a meticulous and knowledgeable assessment of the characteristics, origins, probability, and implications of the identified risks, determining the level and severity of each identified risk, and allocating relative value or risk level to each

ML/TF/PF or sanctions risk; and (iii) Stage 3 involves risk evaluation through the identification of priorities and the creation of effective strategies that align with the level of identified residual risks and risk appetite of the ICRE. The IRA report containing the assessment results and recommendations shall be submitted to the board of directors for approval, and the action plans to mitigate the identified risks should be communicated to the concerned officers and personnel for shared understanding and effective implementation. The IRA is expected to be up-to-date and is recommended to be conducted at least once every two years or as often as may be directed by the board or senior management. ICREs are also required to conduct risk assessment in relation to the development of new products and business practices.

The Insurance Commission has also issued Circular Letter No. 2024-23 dated 14 November 2024 establishing the Guidelines on Investments in Infrastructure Projects under the Philippine Development Plan (PDP). The Investments under PDP guidelines aim to encourage regulated entities to invest in infrastructure projects under the PDP while complying with the statutory net worth and risk-based capital requirements, and other rules and regulations of the Insurance Commission. The forms of investments can be made through any, or a combination of, equity investment in the private proponent or investing capital in an infrastructure project, or debt investment in the private proponent or investing as a financier or sponsor of an infrastructure project. However, investment limitations shall apply. For life insurance companies, the total allowable investments in infrastructure projects under the PDP shall not exceed 40% of the investing company's admitted assets as per its latest approved annual statement. Such investment in infrastructure projects shall require the pre-approval of the Insurance Commission. The Investments under PDP guidelines also provide the risk charges relating to investments in infrastructure projects: (i) for debt instruments, the risk charge shall be 6%. The Insurance Commission may impose a lower risk charge considering a high credit rating on the instrument. Any variance from the risk charge of 6% shall require the prior approval of the Insurance Commission; and (ii) for equity instruments, the risk charge shall be 9%.

The Insurance Commission has also issued Circular Letter No. 2025-09 dated 8 April 2025 ("**CL No. 2025-09**") establishing the Omnibus Guidelines on Investments. The objective of the Omnibus Guidelines on Investments is to enhance the investment adaptability of ICREs and foster a more dynamic and responsive approach to the market environments. CL No. 2025-09 provides a detailed list of admissible investments and non-admitted assets in the determination of an ICRE's financial conditions. These admissible investments generally include cash; short-term instruments such as deposits and fixed-income securities; certain qualified marketable securities including debt and equity instruments issued by sovereign and corporate issuers; structured products; financial derivatives; investment vehicles; different types of loans including loans secured by certain assets specified in regulations; purchase of accounts or loans receivables; certain real estate properties; certain infrastructure projects under the Philippine Development Plan; investment in equities of other financial institutions, among others. These admissible investments require no prior approval except for certain categories such as loans secured by specified assets, real estate and infrastructure project investments and investment in equities of financial institutions. Non-admitted assets that are excluded from an ICRE's financial condition assessment include intangible assets such as goodwill, inadequately secured advances, office-related assets, shares of stock of or held by insurance companies, overvalued investments based on regulatory guidelines. The Insurance Commission will conduct periodic on-site and off-site reviews to ensure compliance of ICREs with the Investment Policy Framework and other regulations. The insurance company must also submit Enhanced Quarterly Reports on Selected Financial Statistics under CL No. 2023-10 and Investments Made and Sold reports under CL No. 2021-06. ICREs with investment in complex structured products, financial derivatives and investment vehicles must submit an Investment Policy Framework within three months after CL No. 2025-09's becomes effective, being its issuance date of 8 April 2025. Additionally, CL No. 2025-09 sets out the investment limitations under the provisions of the Philippine Insurance Code and circular letters of the Insurance Commission.

A life insurance company is authorised to declare cash, property or stock dividends for distribution to its stockholders of record in proportion to their stockholdings upon approval by the board of directors and stockholders. Section 201 of the Philippine Insurance Code provides that a declaration of dividends can only be done if the company satisfies the minimum net worth, and paid-up capital thresholds imposed by law. The Insurance Commission has issued Circular Letter 2021-02 providing the Revised Guidelines on the Declaration and/or Distribution of Dividends of an insurance company (the "**Revised Guidelines**"). Moreover, pursuant to the Revised Guidelines, the insurance company shall meet the following regulatory measures at all times, without regulatory relief, duly attested by the President and Treasurer, before declaration and/or distribution out of the unrestricted retained earnings can be made: (i) unimpaired paid-up capital stock; (ii) net worth requirements prescribed by Circular Letter No. 2015-02-A and Section 194 of the Philippine Insurance Code; (iii) solvency requirements defined in Section 200 of the Philippine Insurance Code; (iv) legal reserve fund requirements under Section 217 of the Philippine Insurance Code; and (v) a sum sufficient to pay off all net losses reported or in the course of settlement, and all liabilities for expenses and taxes imposed by law. No prior approval or clearance from the Insurance Commission is required for the declaration and/or distribution of dividends. Any dividend declared or distributed shall be reported to the Insurance Commissioner within 30 days after such declaration or distribution accompanied by the documentary requirements. If the Insurance Commission finds that there has been a declaration or distribution in violation of the Revised Guidelines, the insurance company may be ordered to cease and desist from doing business until the amount of such dividend or portion in excess of the allowable amount has been restored.

### Laws and Regulations Relating to the Group's Business and Operations in Indonesia

#### *Overview*

The primary regulating authority for insurance and asset management businesses in Indonesia is the OJK. FWD Indonesia holds a life insurance licence and a Shariah business unit approval, both issued by the OJK. As at the Latest Practicable Date, PT FWD Asset

Management has surrendered its licence as an investment management company, which was originally issued by the Indonesian Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK), which was the regulating authority over financial services institutions prior to the establishment of the OJK. On 6 March 2025, the OJK approved the surrender of PT FWD Asset Management's investment management licence as a first step of its voluntary liquidation. Furthermore, the shareholders of PT FWD Asset Management resolved to dissolve the company on 26 March 2025. Under Indonesian law, a company which is dissolved will enter into the liquidation process, during which it will maintain its incorporated status. The company will cease to be a legal entity once the liquidation process has been concluded and the liquidator report has been approved by the company's shareholders. The liquidation process is expected to be completed in 2025.

***Dividends and Distribution Restrictions***

Under Law No. 40 of 2007 on Limited Liability Companies as amended by the Job Creation Law, if a company records positive earnings in a financial year, the company may distribute dividends to the shareholders. Interim dividends may also be distributed prior to the end of the company's financial year provided that the dividend distribution: (i) would not cause the company's net worth to become less than the amount of paid-up and issued capital plus required reserve; (ii) would not affect the company's capability to perform its obligations to its creditors; and (iii) would not affect the company's business activities. If the company suffers losses at the end of the financial year, then the shareholders shall return the distributed interim dividends to the company.

In addition to the above, OJK Regulation No. 71/POJK.05/2016 on Financial Soundness of Insurance and Reinsurance Companies, as lastly amended by OJK Regulation No. 5 of 2023 ("**OJK Regulation No.71**"), provides that an insurance company shall not make any dividend distribution if it would result in it not meeting its required internal solvency rate and equity.

***Insurance Regulatory Framework***

There are a wide range of regulations and restrictions relevant to an insurance company, all of which are under the primary law on insurance business activities, i.e., Law No. 40 of 2014 on Insurance Business as partially amended by Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector ("**Indonesia Insurance Law**").

An insurance company must obtain an insurance business licence from the OJK, which is the primary licence that must be held by an insurance company in order to conduct insurance related activities. Only licensed insurance companies can insure risks in Indonesia and foreign investors can only participate in a domestic insurance business through a joint venture or by acquiring an existing insurance company. Composite insurance companies are not permitted (i.e., an insurer may only write life or non-life products) and parties wishing to operate across both life and non-life sectors need to do so through separate legal entities.

This is the same for reinsurance companies, which may not write direct life or non-life insurance business. A direct life insurer may not write reinsurance, but a non-life insurer may write direct insurance and reinsurance.

***OJK Authority***

The OJK is the primary regulatory authority for insurance businesses and has the authority to issue regulations and policies applicable to insurance companies and also conduct day-to-day supervision over the companies.

OJK approval is required for any change in shareholdings of an insurance company (save for listed companies where there is no change in control). Further, all controlling shareholders, directors and commissioners of an insurance company are required to pass a 'fit and proper' test administered and evaluated by the OJK. OJK approval is also required for each product sold by the insurance company as well as any bancassurance agreements entered into by the insurance company. Based on OJK Circular Letter No. 31/SEOJK.05/2022 on Marketing Channels for Insurance Products through Bancassurance, the Bancassurance letter of approval from the OJK is not required in cases where (i) the insurance company will market its insurance products through bancassurance with a reference business model; or (ii) the insurance company has obtained a bancassurance letter of approval and there are alterations to the insurance product which is the object of the bancassurance agreement, where these changes do not result in potential changes or additional insurance risk in such insurance product and there will be no changes to the business model which had previously been approved by the OJK.

***Single Presence Policy***

Under the Single Presence Policy, an entity can only be a "controlling shareholder" in: (i) one life insurance company; (ii) one general insurance company; (iii) one reinsurance company; (iv) one Shariah life insurance company; (v) one Shariah general life insurance company; and (vi) one Shariah reinsurance company.

Under the relevant regulations, a "controlling shareholder" is defined as an individual, a legal entity and/or a business group that (a) owns 25% (or more) of the issued shares with voting rights or capital; or (b) owns less than 25% of the issued shares with voting rights but where it is proven that the individual, legal entity and/or business group has control.

In order to comply with the Single Presence Policy, a controlling shareholder may undertake any of the following: (i) a merger of the entities within its control; (ii) a consolidation of entities within its control; (iii) a divestment of a portion or all of its shareholding in the insurance company; or (iv) any other corporate action based on OJK's approval, including a rights issue where the controlling shareholder does not exercise its rights to acquire newly issued shares under the rights issue.

The Single Presence Policy came into force on 17 October 2017 and each affected insurance company was required to submit an action plan to comply with the Single Presence Policy requirements by 23 June 2017 at the latest. OJK has discretion to determine the length of any grace period offered to the parties in terms of timing for compliance with the Single Presence Policy.

***Foreign Ownership in an Indonesian Insurance Company***

Foreign equity ownership in an Indonesian insurance company is capped at a maximum of 80% following a subscription for or purchase of shares, except that an insurer with existing foreign ownership in excess of the 80% limit prior to April 2018 will be grandfathered (and no sell down will be required).

In order to participate directly in the insurance company, the foreign entity must also be an insurance company or a holding company having one of its subsidiaries conducting an insurance business. Besides being in the same line of business as the Indonesian company, the foreign shareholder must also satisfy certain various requirements under the insurance rules and OJK regulations.

***Asset Management Regulatory Framework***

An investment management company (manajer investasi) is subject to the authority of a different department in the OJK (i.e., primarily the OJK Capital Markets department).

In general, investment management companies may fall under the category of securities companies and as such shall also be subject to the relevant regulations. Bapepam-LK Regulation No. V.A.3 as amended states that investment management can only be conducted by a securities company that has obtained an investment management licence.

A licensed investment management company may choose to surrender its license to the OJK by submitting a written request. The OJK will subsequently revoke the license, provided that the company has: (i) obtained approval from its shareholders for the decision; (ii) published the decision in at least one national newspaper; and (iii) settled all liabilities with its customers. On 6 March 2025, the OJK approved the surrender of PT FWD Asset Management's investment management licence as a first step of its voluntary liquidation, which is expected to complete in 2025.

***Foreign Ownership in an Indonesian Investment Management Company***

Foreign equity ownership in an Indonesian investment management company is capped at a maximum of 85% foreign ownership for non-securities company entities and 99% for foreign entities that are licensed as a securities company in their respective jurisdiction.

***Capitalisation***

Under OJK Regulation No. 23 of 2023 on Licensing and Organisation of Insurance, Sharia Insurance, Reinsurance and Sharia Reinsurance Companies ("**OJK Regulation No. 23**"), the minimum paid up capital for an insurance company is IDR1 trillion for newly established insurance companies and IDR2 trillion for newly established reinsurance companies.

Existing insurance and reinsurance companies (i.e., companies that have obtained business licences prior to the issuance of OJK Regulation No. 23) are grandfathered from this minimum paid up capital requirement. However, acquisition of the insurance or reinsurance company outside of a restructuring of the company's group will trigger the obligation for that company to comply with the minimum paid up capital requirement.

OJK Regulation No.23 also imposes a requirement for all insurance and reinsurance companies to raise their equity gradually in two stages: first by 31 December 2026, and finally by 31 December 2028. By this latter date, insurance and reinsurance companies (which are categorised into either "Equity Group 1" or "Equity Group 2" depending on their actual equity) must meet the following minimum equity thresholds:

(a) in relation to Equity Group 1 companies, IDR500 billion for insurance companies and IDR1 trillion for reinsurance companies; and

(b) in relation to Equity Group 2 companies, IDR1 trillion for insurance companies and IDR 2 trillion for reinsurance companies.

Equity Group 1 companies, unlike Equity Group 2 companies, are prohibited from issuing insurance products that are not categorised as simple insurance products. FWD Indonesia has implemented measures to be in full compliance with the new regulation.

***Minimum solvency ratio (Risk-Based Capital)***

Under OJK Regulation No.71, an insurance company must maintain an internal solvency ratio of 120% of its minimum risk-based capital.

***Guarantee Fund***

Under the Indonesia Insurance Law, an insurance company must set aside a guarantee fund for purposes of protecting policyholders and ensure the company's ability to make partial or all payments due to policyholders or insured parties in the event the company is liquidated.

As governed by OJK Regulation No.71, the amount of the guarantee fund shall be determined by the OJK depending on the company's business but shall not be less than (at least) 20% of the issued capital of the company, which shall be the initial guarantee fund set aside upon the company's application for an insurance business licence.

The company may not put any encumbrance on the fund and any transfer or disbursement must be with prior OJK approval.

The obligation to provide a guarantee fund does not apply to insurance companies enrolled in the insurance policy guarantee program. As of the Latest Practicable Date, no insurance policy guarantee program has yet been established in Indonesia. Once the new provisions of the insurance policy guarantee program under Indonesia Insurance Law are fully implemented, the aforementioned requirements for Indonesian insurance companies will be revoked.

For details of the risk in relation to such guarantee funds, see "*Risk Factors – The failure of other insurance companies could require our operating entities to increase their contributions to industry-wide policyholder protection funds and could undermine consumer confidence.*"

***Fit and Proper Test***

There is an obligation for the prospective controlling shareholder(s) of an insurance company and other key parties to pass a "fit and proper" test. Pursuant to OJK Regulation No. 27/POJK.03/2016 on Fit and Proper Test for Key Parties in Financial Services Companies ("**OJK Regulation No.27**"), the above obligation applies also to the following parties which are considered as "Key Parties" of an insurance company:

(i) controlling shareholder (Pemegang Saham Pengendali);

(ii) insurance company controller (Pengendali Perusahaan Asuransi);

(iii) board of directors members;

(iv) board of commissioners members;

(v) Shariah supervisory board members;

(vi) the internal auditor; and

(vii) appointed actuary of the insurance company.

Based on OJK Regulation No.27, the "fit and proper" process will take 30 business days following receipt of the complete "fit and proper" application documents by OJK. However, in practice, it typically takes 3-6 months to get the submission completed and the approval issued.

***Products***

Under OJK Regulation No. 8 of 2024 on Insurance Product and Distribution Channel of Insurance Products ("**OJK Regulation No.8**"), prior approval from the OJK is only required to distribute the following insurance products:

(i) new insurance products;

(ii) existing insurance products with changes to the products risk and/or cash value calculation; or

(iii) insurance products that: (a) have an element of savings (such as investment-linked products) or cash value; (b) is a credit insurance product; or (c) is a surety product from either conventional or sharia insurance companies.

Insurance products that do not fulfill the above criteria are only required to be notified to OJK.

Subsequently, all product policy modifications must be notified to the OJK.

If a product is marketed through a bancassurance arrangement, the insurers must seek OJK approval for each product that they sell (and must meet certain requirements for the sale of investment-linked products) and approval for the relevant bancassurance product agreements (except for bancassurance with a reference business model). All insurance products distributed through this arrangement must be subject to a co-operation agreement (i.e., a bancassurance product agreement).

In addition to the above, on 13 March 2022, the OJK released an OJK Circular Letter No. 5/SEOJK.05/2022 on Investment-Linked Insurance Products ("**Circular 5/2022**"), which covers product design, underlying investments and the ILP sales process, the provisions of which have been fully in force since 13 March 2023.

Further, as of 13 December 2023, the OJK issued OJK Regulation No. 20 of 2023 on Insurance Product Associated with Credit or Financing and Suretyship or Suretyship Sharia ("**OJK Regulation No.20**"). OJK Regulation No.20 specifically prohibits credit life insurance products which underwrites risks outside of death; total or partial permanent disability due to accident; and/or critical illness. This regulation also provides that the initial acquisition fee for credit life insurance products is set at a maximum of 10% of the premium or contribution rate.

***Reporting requirements***

Reporting requirements for insurance companies fall into two categories, i.e., (i) regular OJK reporting requirements, which refer to the periodical reporting obligations on the company's financial and operational condition; and (ii) mandatory OJK reporting requirements, which are submitted in relation to specific matters, which include the address and the articles of association of the insurance company and the insurance products marketed.

Failure to comply with these reporting requirements are subject to administrative sanctions ranging from written warnings and adjustment of financial soundness levels to imposition of fines by the OJK.

***Distribution channels***

Under OJK Circular Letter No. 19/SEOJK.05/2020 on Insurance Product Distribution Channels as amended by OJK Circular Letter No. 30/SEOJK.05/2022 ("**Circular 19/2020**") and OJK Regulation No.8, insurance products can only be sold through (i) direct marketing; (ii) agency; (iii) bancassurance; (iv) non-bank entities ("**BUSB**") and (v) agents for micro insurance products. The insurance company is required to have a written agreement with the party that is selling the insurance product.

BUSBs may only distribute the insurance products through referrals. Businesses that operate the following distribution channels are required to obtain prior approval from the OJK: (i) bancassurance; (ii) cooperation with a BUSB which uses electronic systems; and (iii) an agent which implements Laku Pandai (Financial Services in the Framework of Financial Inclusion). All insurance companies that came into operation prior to the enactment of Circular 19/2020 must comply with Circular 19/2020 within one year of its enactment.

**Insurance Agents**

OJK Regulation No. 69/POJK.05/2016 (last amended by OJK Regulation No. 36 of 2024) requires an insurance company to ensure that, among other things:

(i) the insurance agents it employs are certified and registered with OJK;

(ii) the insurance agent and insurance company enter into a written agreement;

(iii) the insurance agent from a previous insurance company has completed all obligations from the previous company; and

(iv) if its insurance agent no longer acts as its insurance agent, the insurance company must notify the relevant customer of its replacement agent or customer service officers.

Further, effective on 23 June 2025, insurance companies will also be subject to the following additional requirements in relation to their insurance agents:

(i) prohibition from using proxy insurance agents;

(ii) requirement to develop and implement internal behaviour control procedures applicable to insurance agents;

(iii) prohibition from closing insurance products with a coverage period of more than 1 year from products held by policyholders, insured parties or participants and owned by agents from their previous insurance company with a period of less than 1 year; and

(iv) if an insurance agent no longer acts as their insurance agent, notify such resignation to the insurance association.

***Investment-linked insurance products***

Under Circular 5/2022, insurance companies selling investment-linked insurance products must comply with certain offering, marketing, management of assets and operational requirements. These requirements relate to the infrastructure which the insurance companies must maintain (including investment management and reporting capability), the underlying investments which may be offered in connection with investment-linked insurance companies, product terms and conditions (including minimum coverage benefits) and capital requirements.

**Mandatory spin-off of sharia insurance business units**

Indonesia Insurance Law requires conventional insurance companies that have a sharia business unit to spin-off such unit so that the sharia business is conducted through a separate legal entity (a limited liability company). Under OJK Regulation No. 11 of 2023 on Spin-off of Sharia Business Units for Insurance and Reinsurance Companies ("**OJK Regulation No. 11**"), this obligation applies to insurance companies with:

(i) an aggregated tabarru' and sharia investment funds amounting to at least 50% of the aggregated insurance, tabarru' and investment funds in the insurance company; and

(ii) a minimum sharia unit equity of IDR100 billion (for insurance business units) and IDR200 billion (for reinsurance business units).

Insurance companies conducting a spin-off of its sharia business unit shall first obtain OJK approval for its spin-off plan and any of its subsequent changes. Initially, the deadline for insurance companies to comply with the requirement to spin-off its sharia business units was set at 17 October 2024. However, according to OJK Regulation No. 11, this deadline has been extended to 31 December 2026. FWD Indonesia expects to complete the spin-off of its sharia business by June 2026.

**Digital Insurance Services**

Insurance companies that close insurance products digitally or without physically meeting the insured parties or participants are deemed to conduct digital insurance services. Effective on 23 June 2025, insurance companies planning to conduct digital insurance services must first obtain (i) OJK approval and (ii) registration as an electronic system organiser. Insurance companies with existing digital insurance services are required to comply with the new requirements by 23 December 2025.

**Human Resources**

Under OJK Regulation No. 34 of 2024, effective from 23 June 2025, insurance companies are required to allocate at least 3.5% of the total realisation of employee expenses (including directors, commissioners and sharia supervisory board) for each financial year towards the education and training of their human resources. Furthermore, insurance companies will also be required to enroll their employees in:

(i) a work competency certification in the insurance sector as determined by OJK;

(ii) competency certification from outside of the insurance sector; or

(iii) other competency trainings.

Lastly, insurance companies will also be required to implement a human resource development system. FWD Indonesia is currently in the process of implementing the requirements under the new regulation.

**Laws and Regulations Relating to the Group's Business and Operations in Singapore**

***Overview***

FWD Singapore is licensed by the Monetary Authority of Singapore (the "**MAS**") to underwrite and sell both life and general insurance pursuant to the Insurance Act 1966 (the "**Singapore Insurance Act**"). In particular, FWD Singapore may carry on any of the following activities in Singapore relating to both life insurance and general insurance: the receipt of proposals for policies; the issuing of policies; and the collection or receipt of premiums on insurance policies.

Furthermore, FWD Life (Bermuda) has a branch in Singapore which holds a licence from the MAS as a direct life insurer to carry on life business in Singapore serving a defined market segment. Under this licence, the branch may write life policies as well as long-term accident and health policies.

An insurer in Singapore must pay a prescribed annual fee.

***Capital Requirements, Minimum Solvency and Dividends***

Licensed insurers in Singapore are subject to a risk-based capital framework. The framework sets out the valuation methodology for assets and liabilities, rules relating to the operations of life insurance funds, capital requirement rules, the role of actuaries, and a set of statutory reporting standards. An insurer has to notify the MAS when it has failed or is likely to fail to comply with the mandated risk-based capital indicators or when a financial resources warning event has occurred or is likely to occur. A licensed insurer is required at all times to maintain a minimum level of paid-up ordinary share capital and to ensure that its financial resources are not less than the minimum thresholds set by MAS. Regulations issued under the Singapore Insurance Act require FWD Singapore and FWD (Life) Bermuda (in respect of its Singapore branch) to maintain minimum paid-up capital of at least SGD10 million. In addition, FWD Singapore and FWD (Life) Bermuda (in respect of its Singapore branch) have to meet the capital adequacy requirements prescribed by the Singapore Insurance Act, i.e. the financial resources of FWD Singapore and FWD (Life) Bermuda (in respect of its Singapore branch) must not at any time be less than (a) the amount of the total risk requirement at the higher solvency intervention level, or SGD5 million, whichever is higher; and (b) the amount of the total risk requirement at the lower solvency intervention level, or SGD5 million, whichever is higher.

Under the One-Tier Corporate Taxation System, the tax on corporate profits is final and dividends paid by a Singapore-resident company are tax-exempt in the hands of shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

No dividend shall be payable to the shareholders of any company incorporated in Singapore except out of profits and any profits of a company applied towards the purchase or acquisition of its own shares in accordance with the relevant provisions of the Companies Act 1967, shall not be payable as dividends to the shareholders of the company. There are no general regulatory restrictions against the payment of dividends by insurers in Singapore.

***Separate Accounts Requirement***

Every licensed insurer is required to establish and maintain a separate insurance fund (a) for each class of insurance business carried on by the insurer that (i) relates to Singapore policies and (ii) relates to offshore policies; (b) for its investment-linked policies and for its non-investment-linked policies; and (c) if no part of the surplus of assets over liabilities from an insurer's non-participating policies is allocated by the insurer by way of bonus to its participating policies, in respect of non-investment-linked policies (i) for participating policies and (ii) for non-participating policies.

A licensed insurer is also required to fulfil fund solvency requirements in respect of any insurance fund established and maintained by that insurer. In this regard, the licensed insurer must ensure that the total assets of the fund must not at any time be less than the total liabilities of the fund.

***Regulation of Products***

A licensed insurer registered to carry on life business may only issue a life policy or a long-term accident and health policy if the premium chargeable under the policy is in accordance with rates fixed with the approval of an appointed actuary or, where no rates have been so fixed, is a premium approved by the actuary. FWD Singapore and the Singapore branch of FWD (Life) Bermuda are also required to seek approval from MAS when they are offering a life insurance product (including long term accident and health policy, but excluding term life policy having a duration of five years or less and direct purchase insurance product) with any product feature that is entirely new to the life insurance industry in Singapore. Request for approval must be made no later than one month before the proposed official launch date of the product. It is also a licensing condition of FWD Singapore that FWD Singapore shall consult and obtain the approval of MAS before introducing policies for general business insuring risks which have not been previously written in the Singapore insurance market.

***Personal Data Protection***

The Personal Data Protection Act 2012 of Singapore establishes the baseline regime for the protection of personal data in Singapore. The PDPA applies to all organisations that collect, use, disclose, and/or process personal data. The PDPA is administered and enforced by the Personal Data Protection Commission of Singapore. In this regard, "personal data" as defined under the PDPA refers to data, whether true or not, about an individual who can be identified (a) from that data or; (b) from that data and other information to which the organisation has or is likely to have access to.

An organisation is required to comply with, amongst other things, the data protection obligations prescribed by the PDPA, which may be summarised as follows:

(a) Consent obligation – the consent of individuals must be obtained before collecting, using, disclosing and/or processing their personal data, unless an exception applies. Additionally, an organisation must allow the withdrawal of consent by an individual which has been given or is deemed to have been given;

(b) Purpose limitation obligation – personal data must be collected, used, disclosed, and/or processed only for purposes that a reasonable person would consider appropriate in the circumstances, and if applicable, have been notified to the individual concerned;

(c) Notification obligation – individuals must be notified of the purposes for the collection, use, disclosure, and/or processing of their personal data, prior to such collection, use, disclosure, and/or processing;

(d) Access and correction obligations – when requested by an individual and unless an exception applies, an organisation must: (i) provide that individual with access to his personal data in the possession or under the control of the organisation and information about the ways in which his personal data may have been used or disclosed during the past year, and/or (ii) correct an error or omission in his personal data that is in the possession or under the control of the organisation;

(e) Accuracy obligation – an organisation must make reasonable efforts to ensure that personal data collected by or on its behalf is accurate and complete if such data is likely to be used by the organisation to make a decision affecting the individual to whom the personal data relates or if such data is likely to be disclosed to another organisation;

(f) Protection obligation – an organisation must implement reasonable security arrangements to protect personal data in its possession or under its control from (i) unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks, and (ii) the loss of any storage medium or device on which personal data is stored;

(g) Retention limitation obligation – an organisation must anonymise or must not keep personal data for longer than it is necessary to fulfill; (i) the purposes for which it was collected, or (ii) a legal or business purpose;

(h) Transfer limitation obligation – personal data must not be transferred out of Singapore except in accordance with the requirements prescribed under the PDPA. In this regard, an organisation must, amongst other things, ensure that the recipient of the personal data in that country outside Singapore is bound by legally enforceable obligations to provide the transferred personal data a standard of protection that is at least comparable to the protection under the PDPA;

(i) Accountability obligation – an organisation must implement the necessary policies and procedures in order to meet its obligations under the PDPA, communicate and inform their staff about these policies and procedures, as well as make information of such policies and procedures available on request. In addition, an organisation must develop a process to receive and respond to data-related complaints, and must designate at least one individual as the data protection officer to oversee the organisation's compliance with the PDPA;

(j) Data breach notification obligation – an organisation must notify the PDPC and/or the affected individuals if it has suffered a data breach that meets the notification thresholds prescribed under the PDPA (i.e. the data breach is or is likely to be of significant scale, or has caused or is likely to cause significant harm to the affected individuals). The organisation is expected to expeditiously assess the severity of the breach, and the timeline to notify the PDPC is three calendar days of the organisation assessing that a notification threshold has been met; and

(k) Data portability obligation – the data portability obligation (which is not yet in force as at the Latest Practicable Date) grants individuals with an existing direct relationship with an organisation the right to request for a copy of their personal data to be transmitted in a commonly used machine-readable format to another organisation which has a business presence in Singapore. The exact scope and applicability of this right will be delineated by the relevant regulations and guidelines to be published by the PDPC.

The maximum financial penalty that can be imposed on organisations is SG$1.0 million, or 10% of the organisation's annual turnover in Singapore, whichever is higher. The severity of the penalties will be assessed based on, amongst other things, the amount of personal data involved, and the degree of harm caused to individuals.

**Laws and Regulations Relating to the Group's Business and Operations in Vietnam**

The below describes the rules and regulations that are material to FWD Vietnam, the Group's business in Vietnam, which holds an establishment and operation licence issued by the Ministry of Finance.

***Overview***

In Vietnam, the Law No. 08/2022/QH15 on Insurance Business (the "**Law on Insurance Business**") was promulgated on 16 June 2022 and came into effect from 1 January 2023. Subsequently, the Government of Vietnam issued Decree No. 46/2023/NĐ-CP ("**Decree 46**") on 1 July 2023 and the Ministry of Finance of Vietnam issued Circular No. 67/2023/TT-BTC ("**Circular 67**") on 2 November 2023 providing guidelines for implementation of the Law on Insurance Business.

A new decree on handling administrative offenses, reflecting the new insurance regulations–Decree No. 174/2024/NĐ-CP–was issued on 30 December 2024. This decree has taken effect on 15 February 2025, with certain articles scheduled to come into force on 1 January 2028.

The main governmental authority who is responsible for supervising and controlling of the insurance company activities is the Ministry of Finance, especially the Insurance Supervisory Authority (a subordinate department within the Ministry of Finance). The Ministry of Finance takes full responsibilities before the Government in exercising the State management of the insurance business sector pursuant to Article 151.2 of the Law on Insurance Business. The Insurance Supervisory Authority, on the other hand, advises and assists the Ministry of Finance in implementing the State management of the insurance business sector and directly manages and supervises (i) insurance business activities and (ii) services in the insurance business sector in accordance with the laws, per Article 1 of Decision No. 1799/QĐ-BTC.

***Capital Requirements, Solvency and Dividends***

It is required that the paid-up charter capital must be at least equal to the level of legal capital set forth under Decree 46. The minimum legal capital varies depending on the type of insurance provided by an insurance company. For example, an insurance company that provides life insurance, health insurance, and unit-linked insurance must have a minimum legal capital of VND1,000 billion. The minimum legal capital will increase to VND1,300 billion if an insurance company also provides pension insurance. An insurance company must deposit an amount equal to 2% of its charter capital into an escrow account opened at a licensed commercial bank in Vietnam. Insurance companies with charter capital lower than the minimum legal capital set forth under Decree 46 shall fulfill the supplement of their charter capital prior to 1 January 2028. Any change to the charter capital must be approved by the Ministry of Finance. FWD Vietnam's charter capital is in full compliance with the requirements of Decree 46.

Under Decree 46, an insurance company or a reinsurance company is obliged to make an annual appropriation of 5% of its after-tax profit to establish a compulsory reserve fund. The maximum amount of the compulsory reserve fund shall be equal to 10% of its charter capital.

The insurance company shall be deemed to satisfy the solvency requirements if (i) it has fully established the insurance reserves; and (ii) its solvency margin is not less than the minimum solvency margin stipulated by relevant governmental decree. The Law on Insurance Business introduces regulations on risk based capital, replacing the regulation on solvency margin, a guidance of which is expected to be issued by the Ministry of Finance. It is anticipated that the new RBC model and framework will be drafted and finalised by the fourth quarter of 2026 or the first quarter of 2027. There will be a transition period of 5 years from 1 January 2023 to 1 January 2028 that allows the insurers to fully comply with the new regulations.

***Product approval***

The Law on Insurance Business introduces a new mechanism for approval of life and accident and health products where the Ministry of Finance will no longer review and approve the terms and conditions of a product together with its technical specification, but rather only review and approve the technical specification of a product, which will be subject to a template provided by the Ministry of Finance with stricter pricing assumptions.

***Reinsurance***

In addition to other conditions in this regulatory framework, under Decree 46, reinsurance companies must satisfy the following requirements to conduct life reinsurance business (i) a minimum legal capital of VND900 billion; and (ii) the insurance reserves and the capital adequacy ratio are similar to those of life insurance businesses. In particular, reinsurance companies must comply with the new risk-based capital framework set forth under the Law on Insurance Business with a five-year grace period ending on 1 January 2028.

***Other Material Changes under the Law on Insurance Business***

Prior to 2023, foreign investors were permitted to own up to 100% of the charter capital or shares of an insurance or re-insurance company in Vietnam, subject to a case by case approval of the licensing authority. However, the Law on Insurance Business has confirmed clearly that foreign investors are allowed to own 100% shares or charter capital of insurance and reinsurance companies according to Vietnam's commitments in World Trade Organization and other international treaties.

Under the Law on Insurance Business, insurers will be more autonomous in their business activities while the role of the regulators will be to provide oversight, promote transparency, and the healthy development of the insurance market. For example, the Law on Insurance Business supplements the duties and powers of the Ministry of Finance in the management, supervision, inspection, and handling of violations of the Law on Insurance Business, such as establishing a mechanism to share management and supervisory information with the State Bank of Vietnam and other ministries related to insurance business activities.

Under the Law on Insurance Business, the scope of agency activities will be limited to certain types of activities compared to those under the previous law on insurance business, which are open for agreement between the insurance companies and the agencies. Also, due to recent incidents concerning the practice of bancassurance in Vietnam, the Government and the Ministry of Finance have introduced stricter measures and requirements with respect to the distribution of insurance products via banks through Decree 46 and Circular 67, including restrictions on compensation and additional requirement on sales flow. Specifically, banks are forbidden from providing advice, making introductions, offering, or facilitating the conclusion of investment-linked insurance policies for customers within 60 days before and 60 days after the complete disbursement of a loan. These changes will impact the operation of the agencies and bancassurance system.

Recognising the application of technology in insurance business, for the first time, the Law on Insurance Business provides general regulations for the sale of insurance products via online channels. Accordingly, insurers, foreign insurer's branches, insurance agencies, insurance brokers, and microinsurance companies are permitted to offer their certain products and services via online channels. These entities must set up, maintain and operate adequate IT system for such distribution and service.

The Law on Insurance Business also introduces stricter disclosure requirements.

***New Law on Credit Institutions***

The new Law on Credit Institutions was passed by the National Assembly on 18 January 2024 and took effect from 1 July 2024, which introduces certain articles (Articles 15.5 and 113.2) impacting bancassurance activities. The new law prohibits banks from combining the sale of insurance products with the provision of banking products and services in any manner.

***Personal Data Protection***

In Vietnam, Decree on Personal Data Protection (the "**DPDP**") No. 13/2023/ND-CP dated 17 April 2023 took effect on 1 July 2023. The DPDP sets out strict regulations on personal data protection that will heavily affect the current practice of domestic and foreign individuals/entities concerning the processing of personal data. Under the DPDP, personal data has been defined as information in the form of symbols, letters, numbers, images, sounds, or in similar form in an electronic environment that is associated with a particular person or helps to identify a particular person. The DPDP requires data controllers and data controllers cum processors to follow certain rules when processing personal data. Failing to comply with the DPDP may result in suspension of certain activities, such as the processing or overseas transfer of data, and may lead to administrative penalties, although specific regulations have not yet been established.

**Laws and Regulations Relating to the Group's Business and Operations in Malaysia**

***Overview – Takaful Operator***

FWD Takaful is regulated by the Ministry of Finance in Malaysia and the Central Bank of Malaysia, Bank Negara Malaysia ("**BNM**"). FWD Takaful carries on family takaful business including investment-linked business, and is licensed under the Islamic Financial Services Act 2013 ("**IFSA**").

The Malaysian statute that provides for takaful business requirements is the IFSA. BNM is the regulatory body responsible for administering the IFSA, and supervising and regulating the conduct of takaful operators in Malaysia. BNM has broad powers, which include the power to request for the submission by a takaful operator of documents or information as may be required by BNM, make regulations with the approval of the Ministry of Finance in Malaysia, and issue policy documents, guidelines, circulars or notices relating to the conduct of the business and affairs of a takaful operator.

In carrying out its business activities, a takaful operator is required to comply with the IFSA, and the regulations and policies imposed by BNM. In addition, a takaful operator is required to comply with applicable Shariah law and ensure that its operations are consistent with principles of Islamic laws applicable to its business.

The Shariah authority of Malaysia in Islamic Finance is the Shariah Advisory Council. The Shariah Advisory Council was established by BNM and is the Shariah authority referred to by local courts and arbitrators in disputes involving Shariah issues in Islamic banking, finance and takaful cases. The resolutions passed by the Shariah Advisory Council on the interpretation of Shariah law and principles are applicable to all Islamic financial institutions, including takaful operators.

A takaful operator is required to establish a Shariah committee. The Shariah committee must consist of a minimum of five members approved by BNM. The main duties and responsibilities of the Shariah committee are to ensure that the takaful operator's aims and operations, business, affairs and activities are in compliance with Shariah. This includes providing a decision or advice to the takaful operator on the application of any rulings of the Shariah Advisory Council or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the takaful operator, deliberating and affirming a Shariah non-compliance finding by any relevant functions, and endorsing a rectification measure to address a Shariah non-compliance event.

***Overview – Life Insurer***

FWD Life Malaysia is regulated by the Ministry of Finance in Malaysia and BNM. FWD Life Malaysia carries on life insurance business and is licensed under the Financial Services Act 2013 ("**FSA**").

In carrying out its business activities, a life insurer is required to comply with the FSA, the Malaysian statute that provides for life insurance business requirements, and the regulations and policy documents, guidelines, circulars or notices relating to the conduct of the business and affairs of a life insurer imposed by BNM.

***Capital Requirements, Solvency and Dividends***

A takaful operator or a life insurer is required to maintain at all times a minimum paid-up share capital of RM100,000,000. Presently, all takaful operators or life insurers are subject to a supervisory target capital level of 130%, which is a benchmark used in establishing their own higher individual target capital level, and are expected to maintain their capital adequacy ratio above their individual target capital level. In computing the capital adequacy ratio percentage, factors such as retained profits and general reserves are taken into account. When a takaful operator or a life insurer breaches its individual target capital level but remains above the supervisory target capital level of 130%, BNM will assess the circumstances and the takaful operator's or life insurer's remedial plans to restore its capital adequacy ratio above its individual target capital level, before deciding on the level of supervisory intervention required. Continued deterioration of a takaful operator or a life insurer capital adequacy ratio below its individual target capital level will attract increasing levels of supervisory attention from BNM. Failure to maintain the supervisory target capital level will attract supervisory actions by BNM including business restrictions and/or restructuring measures, and potentially actions to resolve the financial position of a takaful operator or a life insurer. A takaful operator or life insurer must maintain at all times assets of equivalent or higher value than the liabilities of the takaful fund or insurance fund, as the case may be.

In the case of a takaful operator, where a deficiency arises, the takaful operator is required to provide qard or other forms of financial support to the takaful fund from the shareholders' fund for an amount and on such terms and conditions as may be specified by BNM.

A takaful operator or a life insurer may only withdraw from a takaful fund or an insurance fund, as the case may be, whether from surplus or otherwise of the takaful fund or insurance fund, if the withdrawal requirements as may be specified by BNM are complied with, the withdrawal does not impair the sustainability of the takaful fund or the insurance fund to meet its liabilities, and the interests and fair treatment of takaful participants or policy owners including their reasonable expectations, have been given due regard. A takaful operator or a life insurer must obtain the prior written approval of BNM for all declarations and payments of any dividends. In addition to the restrictions on withdrawal from a takaful fund or an insurance fund and declaring and paying dividends above, the Companies Act 2016 provides that a Malaysian company may only make a distribution to its shareholders out of profits of the company available if the company is solvent.

***Acquisition of interest in shares requiring BNM approval***

A person is prohibited from entering into an agreement or arrangement to acquire any interest in shares in a takaful operator or a licensed insurer, which will result in the person holding an aggregate of 5% or more interest in the shares of the takaful operator or the licensed insurer, without the prior approval of BNM or the Ministry of Finance in Malaysia (acting on the recommendation of BNM), as the case may be.

**Laws and Regulations Relating to the Group's Business and Operations in Bermuda**

***Overview***

FWD Life (Bermuda) is regulated in respect of its insurance business by the Bermuda Monetary Authority (the "**BMA**") in Bermuda. FWD Life (Bermuda) is subject to the Bermuda Insurance Act 1978 and related regulations, each as amended (the "**Bermuda Insurance Act**") which provides that no person shall carry on any insurance business in or from within Bermuda unless registered as an insurer under the Bermuda Insurance Act by the BMA. Further, a registered insurer shall not engage in any non-insurance business except where such business is ancillary to the insurance business carried on by the insurer. The Bermuda Insurance Act imposes solvency and liquidity standards, as well as auditing and reporting requirements on Bermuda insurance companies. The Bermuda Insurance Act also grants to the BMA powers to supervise, investigate, discipline, censure and intervene in the affairs of Bermuda registered insurance companies and its officers/operators.

Furthermore, FWD Life (Bermuda) is also regulated in Hong Kong. For details, see "*– Laws and Regulations Relating to the Group's Business and Operations in Hong Kong.*"

***Bermuda Licences held by FWD Life (Bermuda)***

The Bermuda Insurance Act distinguishes between insurers carrying on long-term business, insurers carrying on general business and insurers carrying on special purpose business. FWD Life (Bermuda) is registered in Bermuda as a Class 3 general business insurer and a Class E long-term insurer under the Bermuda Insurance Act and, as such, has the authority to conduct both general and life insurance business as a composite insurer under the Bermuda Insurance Act except that FWD Life (Bermuda) is required to obtain the BMA's prior written approval before it effects any contracts of insurance or reinsurance with respect to its Class 3 general business licence. As of the Latest Practicable Date, FWD Life (Bermuda) does not conduct any general business.

***Capital and Solvency Requirements***

A composite insurer like FWD Life (Bermuda) is required to maintain a fully paid up share capital of at least US$370,000. In addition, the Bermuda Insurance Act and its subsidiary regulations, rules and guidance notes issued by the BMA as may be amended from time to time on capital and solvency requirements include the requirement that the statutory assets of an insurer must exceed its statutory liabilities by an amount greater than the prescribed minimum solvency margin.

The minimum solvency margin requirement in respect of a Class E insurer's long-term business is the greater of:

(i) US$8,000,000;

(ii) 2% of assets of first US$500,000,000 plus 1.5% of the reported assets above US$500,000,000; and

(iii) 25% of the enhanced capital requirement ("**ECR**") as reported at the end of the relevant year.

Class E insurers are also required to maintain available statutory economic capital and surplus at a level equal to or in excess of its ECR established in accordance with the Bermuda Insurance Act.

While not specifically referred to in the Bermuda Insurance Act, the BMA has also established a target capital level ("**TCL**") for each Class E insurer equal to 120% of its ECR. The TCL serves as an early warning tool for the BMA and if FWD Life (Bermuda) fails to maintain statutory capital at least equal to the TCL this will likely result in increased regulatory oversight.

With respect to its general business, a Class 3 insurer is required to maintain a minimum solvency margin equal to the greatest of:

(i) US$1,000,000;

(ii) 20% of net premiums written, where the net premiums written do not exceed US$6,000,000; or, where the net premiums written do exceed US$6,000,000, US$1,200,000 plus 15% of net premiums written over US$6,000,000; and

(iii) 15% of loss, and loss expenses provisions, and other general business insurance reserves, where "net premiums written" means, in relation to a Class 3 insurer, the net amount, after deductions of any premiums ceded by the insurer for reinsurance, of the premiums written by the insurer in that year in respect of general business.

If an insurer at any time fails to meet its minimum solvency margin requirements, it must, upon becoming aware of such failure, immediately notify the BMA and, within 14 days thereafter, file a written report with the BMA containing particulars of the circumstances that gave rise to the failure and setting out its plan detailing specific actions to be taken and the expected timeframe in which the insurer intends to rectify the failure.

Each insurer must comply with rules and guidance notes issued by the BMA prescribing, among other things, prudential or technical standards in relation to enhanced capital requirements, capital and solvency returns, insurance technical process, eligible capital, public disclosures and statutory financial returns. In particular, an insurer must comply with the Insurance (Prudential Standards) (Class D and Class E Solvency Requirement) Rules 2011 including the Guidance Notes for Commercial Insurers and Insurance Groups' Statutory Reporting Regime and the Guidance Notes for Applications for Adjustments under Section 6D of the Insurance Act, the Economic Balance Sheet valuation principles therein and any subsequent rules or guidance notes.

The BMA may, on the application or with the consent of an insurer, exempt the insurer from, or allow it to modify (with any conditions the BMA considers as appropriate), certain requirements, including: compliance with specific licensing criteria and conditions, prudential or technical standards, the appointment of auditors, the preparation of financial statements and accounts and the maintenance of an applicable solvency margin. Additionally, the BMA may make adjustments to an insurer's enhanced capital requirement, available statutory capital and surplus, total statutory capital and surplus, and available statutory economic capital and surplus, as it considers appropriate.

***Dividends and Distributions Restrictions***

As a long-term insurer, FWD Life (Bermuda) shall not declare or pay a dividend unless the value of its assets as certified by its approved actuary, exceeds its liabilities (as so certified) by the greater of its margin of solvency and its ECR and the amount of any such dividend shall not exceed that excess.

FWD Life (Bermuda) is prohibited from declaring or paying any dividends during any financial year if it is, or by virtue of paying such dividends would be, in breach of its applicable solvency margins, enhanced capital requirements or liquidity ratio. If FWD Life (Bermuda) fails to meet its applicable solvency margins or liquidity ratio on the last day of any financial year, it will be prohibited from declaring or paying any dividends during the next financial year without the approval of the BMA.

Also, FWD Life (Bermuda) shall not declare or pay a dividend to any person other than a policyholder unless the value of the assets of its long-term business fund, as certified by the insurer's approved actuary, exceeds the extent (as so certified) of the liabilities of the insurer's long-term business; and the amount of any such dividend shall not exceed the aggregate of:

(i) that excess; and

(ii) any other funds properly available for the payment of dividend.

Further, FWD Life (Bermuda) shall not in any financial year pay dividends which would exceed 25% of its total statutory capital and surplus, as shown on its statutory balance sheet in relation to the previous financial year, unless: at least seven days before payment of those dividends it files with the BMA an affidavit signed by: (a) at least two directors of the insurer (one of whom must be a director resident in Bermuda if the insurer has a director so resident), and (b) the insurer's principal representative in Bermuda, which states that in the opinion of those signing, declaration of those dividends has not caused the insurer to fail to meet its relevant margin.

The restrictions on declaring or paying dividends or distributions under the Bermuda Insurance Act are in addition to the solvency requirements under the Companies Act 1981 which restrict Bermuda companies from declaring or paying a dividend or making a distribution out of contributed surplus if there are reasonable grounds for believing that: (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the company's assets would thereby be less than its liabilities.

**Laws and Regulations Relating to the Group's Business and Operations in the Cayman Islands**

***Overview***

The below are our principal Group entities domiciled in the Cayman Islands:

(i) our Company;

(ii) FL;

(iii) FGL; and

(iv) FWD Reinsurance.

As entities domiciled in the Cayman Islands, each of the above entities will have obligations under the laws of the Cayman Islands. FWD Reinsurance is also licensed as a Class B Insurer by CIMA under the Insurance Act, and regulatory obligations in relation to the licence apply to FWD Reinsurance.

***Licensing requirements***

An insurance business must not be carried on in or from the Cayman Islands without a valid licence. FWD Reinsurance is licensed by CIMA as a Class B Insurer under the Insurance Act. A Class B licence allows the holder to carry on insurance business, other than domestic insurance business in the Cayman Islands, of which:

(i) at least 95% of the net premiums written will originate from the insurer's related business;

(ii) over 50% of the net premiums written will originate from the insurer's related business; or

(iii) 50% or less of the net premiums written will originate from the insurer's related business.

FWD Reinsurance holds a Class B (iii) licence under the Insurance Act. A Class B (iii) licence only permits 50% or less of the net premiums written to originate from the insurer's related business. This means more than 50% of FWD Reinsurance's net written premiums can come from non-related business (i.e. third party business). Related business means business which will originate from the insurer's members or the members of any group with which it is related through common ownership or a common risk management plan, or as determined by CIMA.

***Capital requirements***

FWD Reinsurance must meet the minimum capital requirements and the prescribed capital requirements under the Insurance (Capital and Solvency) (Classes B, C and D Insurers) Regulations (2018 Revision) of the Cayman Islands (as amended). FWD Reinsurance must also have, among other things, an established risk management framework that is appropriate for the size and complexity of FWD Reinsurance and the nature of its risk exposures.

The capital requirement for Class B (iii) licensees are as follows:

(i) General: minimum capital requirement of US$200,000 and prescribed capital requirement of 15% of net earned premium ("**NEP**") on the first US$5,000,000, 7.5% on additional NEP up to US$20,000,000 and 5% on additional NEP in excess of US$20,000,000.

(ii) Long-term: minimum capital requirement of US$400,000 and a prescribed capital requirement that is equal to the minimum capital requirement.

(iii) Composite: minimum capital requirement of US$600,000 and a prescribed capital requirement which is an aggregate of the amount required to support the general business plus the minimum capital requirement.

FWD Reinsurance operates as a segregated portfolio company ("**SPC**"). FWD Reinsurance, as a single legal entity, must maintain the minimum net worth requirements under the Insurance Act. To ensure the viability of the SPC, CIMA expects each individual segregated portfolio will be solvent in its own right. In respect of each segregated portfolio, FWD Reinsurance must:

(i) meet the prescribed margin of solvency;

(ii) file annual returns with CIMA; and

(iii) the annual returns in respect of each segregated portfolio must be prepared using the same financial year.

***CIMA reporting requirements***

An annual return must be filed within six months after the financial year end of FWD Reinsurance.

***Fit and proper directors and controllers***

FWD Reinsurance must be controlled and managed by persons that CIMA regards as fit and proper. FWD Reinsurance must have a minimum of two executive directors. Any change in directors, officers and managers of FWD Reinsurance must be pre-approved by CIMA.

Any direct or indirect change of control or transfer or disposal of issued shares totalling more than ten per cent of the issued share capital or total voting rights of FWD Reinsurance must have the pre-approval of CIMA.

***Business conduct requirements***

FWD Reinsurance must comply with CIMA's regulatory measures in connection with the conduct of its business. This includes having regard to guidance in connection with outsourcing, corporate governance, record keeping, cybersecurity, marketing, internal controls, reinsurance arrangements and business continuity management.

FWD Reinsurance may only carry out its business in accordance with the business plan submitted to CIMA. Any changes to the business plan must have the prior written approval of CIMA.

***Anti-money laundering, counter-terrorist financing, prevention of proliferation financing and financial sanctions compliance***

All Cayman entities must ensure that they comply with the financial sanctions applicable in the Cayman Islands. The Government of the United Kingdom passes Orders in Council extending United Nations and United Kingdom sanctions to its Overseas Territories, including the Cayman Islands. The FRA administers and coordinates the implementation of financial sanctions in the Cayman Islands. FWD Reinsurance as a "relevant institution" under Cayman Islands financial sanctions is required to report to the Governor of the Cayman Islands through the FRA if it knows or has reasonable cause to suspect that a person is an asset freeze target or has committed an offence under Cayman Islands sanctions. In this report, FWD Reinsurance must also state the nature and amount or quantity of any funds or economic resources held by it if an asset freeze target is a customer of FWD Reinsurance.

If any person resident in the Cayman Islands knows or suspects, or has reasonable grounds for knowing or suspecting, that another person is engaged in criminal conduct, is involved with terrorism or terrorist property or proliferation financing and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the FRA, pursuant to the Proceeds of Crime Act (as amended) of the Cayman Islands if the disclosure relates to criminal conduct, money laundering or proliferation financing; or (ii) a police officer of the rank of constable or higher, or the FRA, pursuant to the Terrorism Act (as amended) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report will not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

FWD Reinsurance must comply with the Cayman Islands anti-money laundering, counter-terrorist financing, counter-proliferation financing and financial sanctions regime. This includes having procedures in place that are consistent with such regime and having an Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer appointed. The roles of these officers must be fulfilled by suitable individuals at managerial level, with suitable qualifications, experience and resources. FWD Reinsurance has the right to refuse to make any payment to a shareholder if FWD Reinsurance's directors or officers suspect or are advised that the payment to such shareholder might result in a breach of applicable anti-money laundering, counter-terrorist financing, prevention of proliferation financing and financial sanctions or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure compliance with any such laws or regulations in any applicable jurisdiction.

***Data protection requirements***

All Cayman Islands entities that alone or jointly determine the purposes, conditions and manner in which personal data is handled as data controllers, will be subject to the DPA. The DPA will apply irrespective of the location of the data subject. The DPA is based on eight data principles including fair and lawful use, purpose limitation, data minimisation, data accuracy, storage limitation, respect for the individual's rights, security and international transfer of data. Data controllers established in the Cayman Islands must process personal data in accordance with the DPA.

***Economic substance***

The ES Act requires "relevant entities" carrying on a "relevant activity" to meet prescribed economic substance requirements. A Cayman Islands company that is tax resident outside of the Cayman Islands is not a "relevant entity." Cayman companies must annually notify their registered office of their classification under the ES Act, including if they are tax resident outside of the Cayman Islands. If they are tax residents outside the Cayman Islands, or are relevant entities carrying on a relevant activity, they must file an annual report with the Tax Information Authority.

## B. TAXATION

The following is a general summary of certain Hong Kong and Cayman Islands income tax consequences relevant to an investment in the Shares. The discussion is not intended to be, nor should it be construed as, legal or tax advice to any particular prospective purchaser. The discussion is based on laws and relevant interpretations thereof in effect as of the date of this document, all of which are subject to change or different interpretations, possibly with retroactive effect. The discussion does not address tax laws of jurisdictions other than Hong Kong and the Cayman Islands. You should consult your own tax advisors with respect to the consequences of acquisition, ownership and disposition of the Shares.

**Hong Kong Taxation**

The following is a discussion on Hong Kong taxation, which is a general summary of present law and is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Hong Kong law.

***Profits Tax on our Company***

Our Company will be subject to Hong Kong profits tax in respect of profits arising in or derived from Hong Kong at the current rate of 16.5%, unless such profits are chargeable under the half-rate of 8.25% that may apply for the first HK$2 million of assessable profits for years of assessment beginning on or after 1 April 2018.

***Tax on Dividends received by Shareholders***

No tax is payable in Hong Kong in respect of dividends paid by our Company.

***Profits Tax on Shareholders***

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares. Shareholders should take advice from their own professional advisers as to their particular tax position.

### *Stamp duty*

Hong Kong stamp duty will be charged on the sale and purchase of Shares at the current rate of 0.2% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the [**REDACTED**]. The Shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of Shares.

## Cayman Islands Taxation

The following is a discussion on Cayman Islands taxation, which is a general summary of present law and is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty or withholding tax applicable to us or to any holder of the Shares. Stamp duties may be applicable on instruments executed in, or after execution brought within the jurisdiction of, the Cayman Islands. No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands. The Cayman Islands is a party to a double tax treaty entered with the United Kingdom in 2010 but is otherwise not party to any double tax treaties that are applicable to any payments made to or by us. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Our Company has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has applied for and has obtained an undertaking from the Financial Secretary of the Cayman Islands in the following form.

### *The Tax Concessions Act (2018 Revision) Undertaking as to Tax Concessions*

In accordance with the provision of Section 6 of The Tax Concessions Act (2018 Revision), the Financial Secretary had undertaken to our Company that no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to our Company or its operations and no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations of our Company or by way of the withholding in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Act (2018 Revision). These concessions shall be for a period of 20 years from 7 May 2021.